



# Rheinmetall Group

## Corporate Presentation

March 2021

Rheinmetall Group

## Mobility and security form the DNA of the business model

### RHEINMETALL GROUP

INTEGRATED TECHNOLOGY GROUP FOR SECURITY AND MOBILITY

Business  
Model

#### **Automotive** *Our heart beats for your engine*

- Tier 1 supplier
- High-tech products for global markets
- Gaining powertrain neutrality

Market  
driver

- Megatrend mobility
- Growing demand for clean mobility
- Global LV production with growth
- Increased regulation

#### **Defence** *Force protection is our mission*

- System house for land based operations
- Leading provider of innovative solutions
- Internationalization focused on home markets

- Increasing demand for security
- Geostrategical powershifts
- Constantly changing conflict situations
- Rising defence/security budgets



# Rheinmetall Group

## Highlights

### Group performance indicator

Grow sales  
around 8%

~8% op.  
margin

Targeted 2-4%  
Cash on sales

30-35%  
payout ratio

### Strategy roadmap

Organic  
growth

International  
expansion

Leading by  
innovations

Targeted  
acquisitions

## RHEINMETALL GROUP

### AUTOMOTIVE *Our heart beats for your engine*

Op. margin  
1.5%

€2,151m  
€33m  
\*€426m  
10,613

37%  
47%

## 2020

Sales  
Oper. Result  
Order backlog  
Headcount\*\*

### DEFENCE *Force protection is our mission*

63%  
53%

€3,723m  
€414m  
€12,924m  
12,344

Op. margin  
11.1%

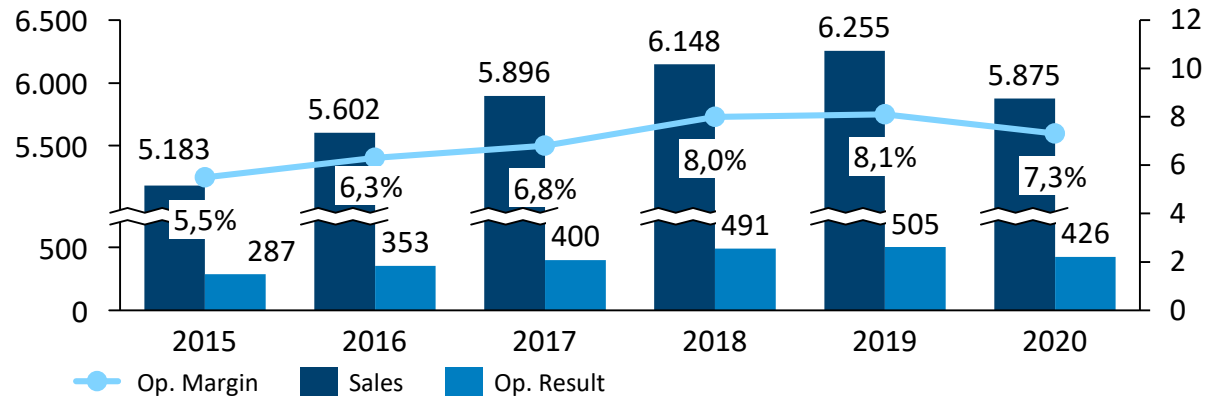
\* Short-term; \*\*Headcount at capacities;

# Rheinmetall Group

## Financial overview - Growth in all relevant KPI

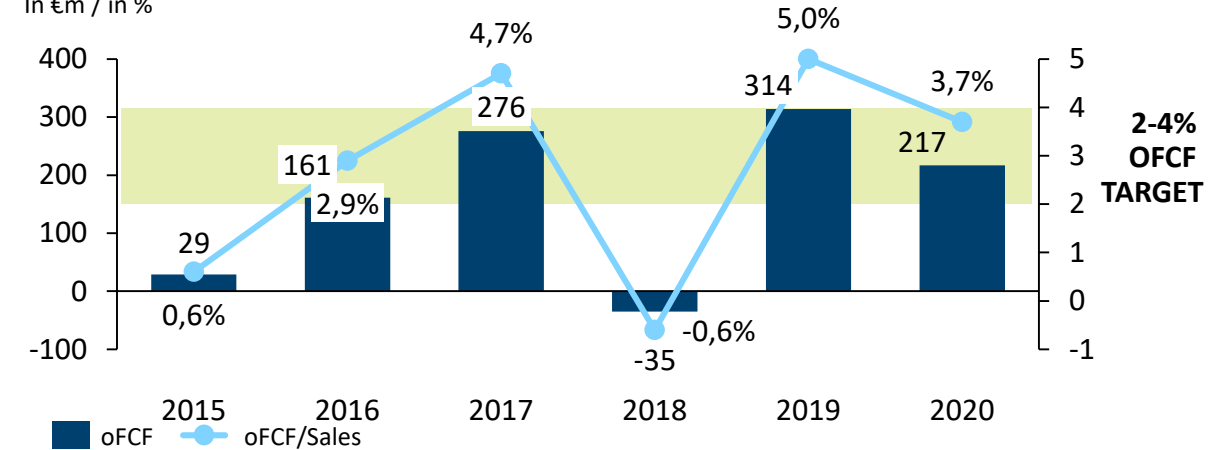
Sales, operating result and operating margin

In €m



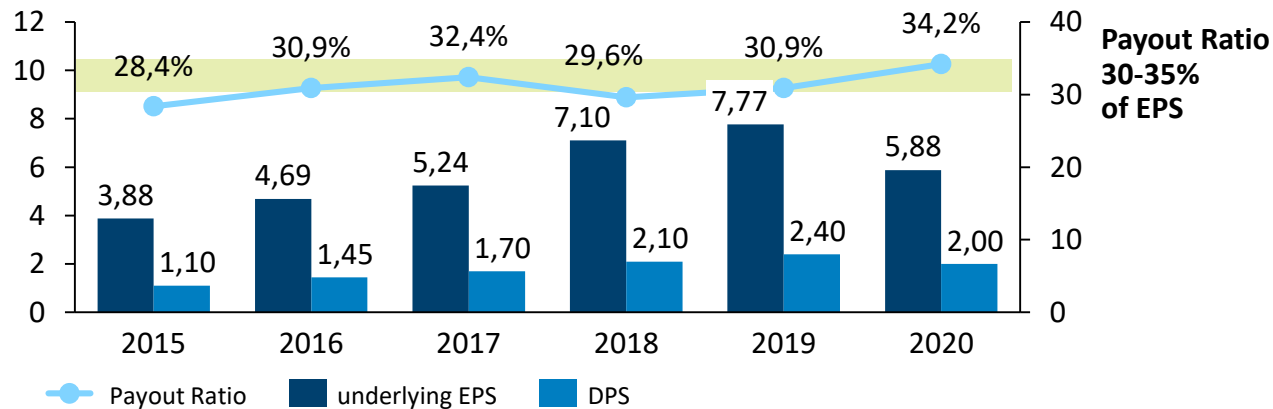
Operating FCF and operating FCF to Sales

In €m / in %



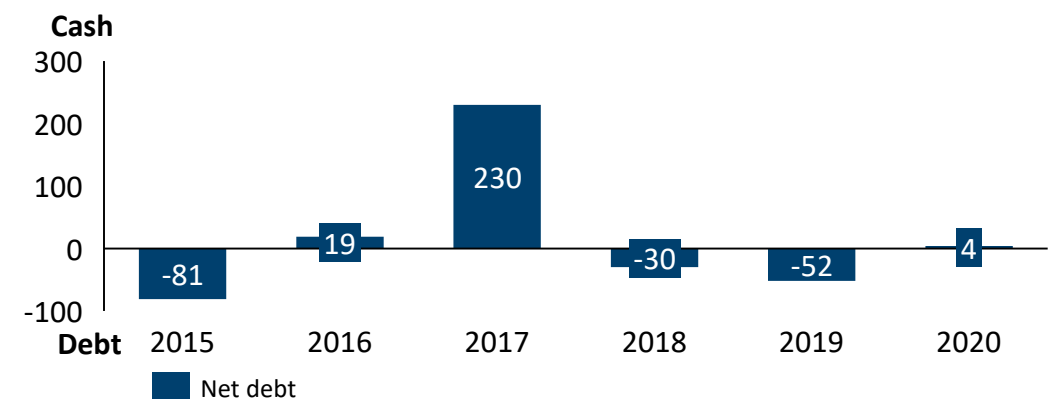
Earnings and dividend per share

In € / in %



Net financial debt

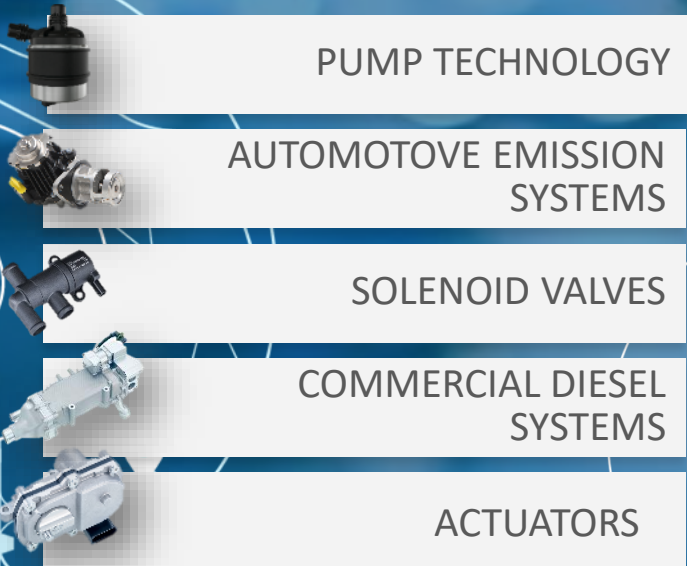
In €m



# Rheinmetall Automotive

## Products per division

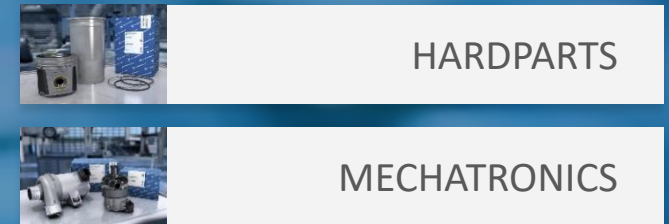
### MECHATRONICS



### HARDPARTS



### AFTERMARKET



# Rheinmetall Defence

## Products per division

### WEAPON AND AMMUNITION



MID & LARGE CALIBER AMMO



MID & LARGE CALIBER WEAPONS



PROTECTION SYSTEMS

- ACTIVE
- PASSIVE
- SOFTKILL

### ELECTRONIC SOLUTIONS



INTEGRATED ELECTRONIC SYSTEMS



AIR DEFENCE & RADAR SYSTEMS

TECHNICAL PUBLICATIONS

### VEHICLE SYSTEMS

HX-FAMILY



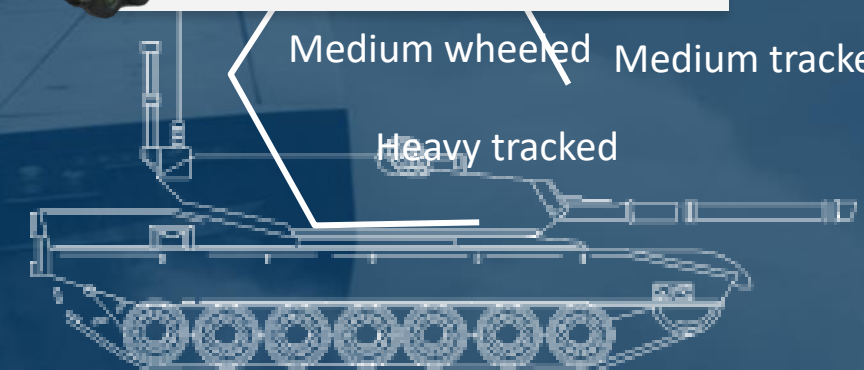
TACTICAL VEHICLES



LOGISTIC VEHICLES

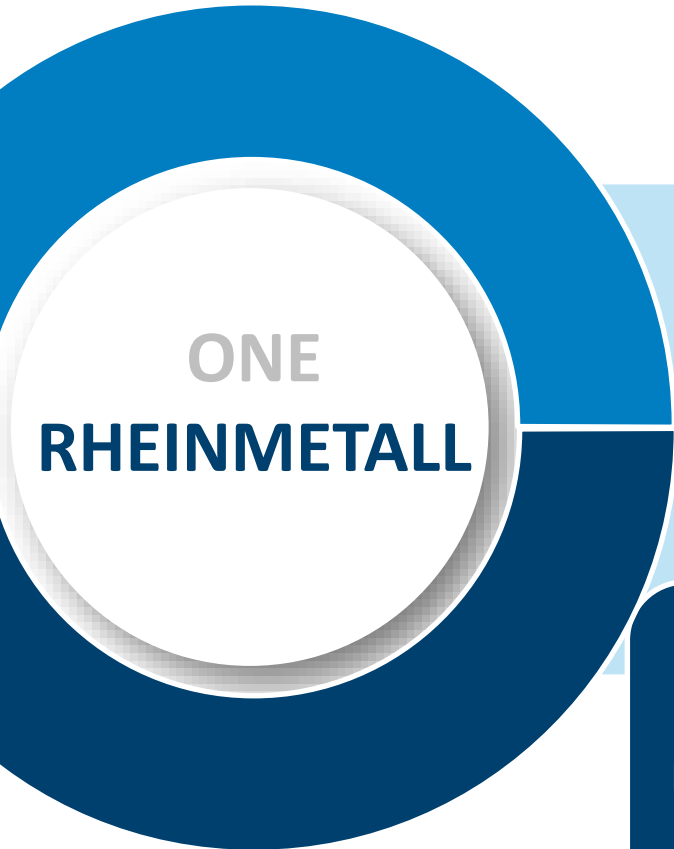
Medium wheeled Medium tracked

Heavy tracked



One Rheinmetall

## Realization of growth in changing market conditions



- ✓ Positioning as **integrated technology** group for **Mobility and Security**
- ✓ Realization of **growth potentials** in changing market environments
- ✓ Leveraging **strengths by bundling and channeling our expertise and competencies**, e.g. different **technologies**
- ✓ Change perception and **increase attractiveness** as an employer

### One Rheinmetall Phase I

Initiatives addressing culture  
and cooperation  
2016-2018

### One Rheinmetall Phase II

Focus on technologies  
2018 ff.

### One Rheinmetall Phase III

Commercialization  
starting 2021





# STRATEGY UPDATE

**Taking Rheinmetall to the next level**



Strategy update

## Management sets clear strategic objectives



Strategy update

## Transformation process initiated

### Realignment of existing business

- Disposal process of the piston business
- Regrouping of business activities
- **Focused approach with five divisions**

### Integration of Automotive holding

- Right-size the structure to support the business
- **Eliminate redundant functions on Group and Automotive holding level**

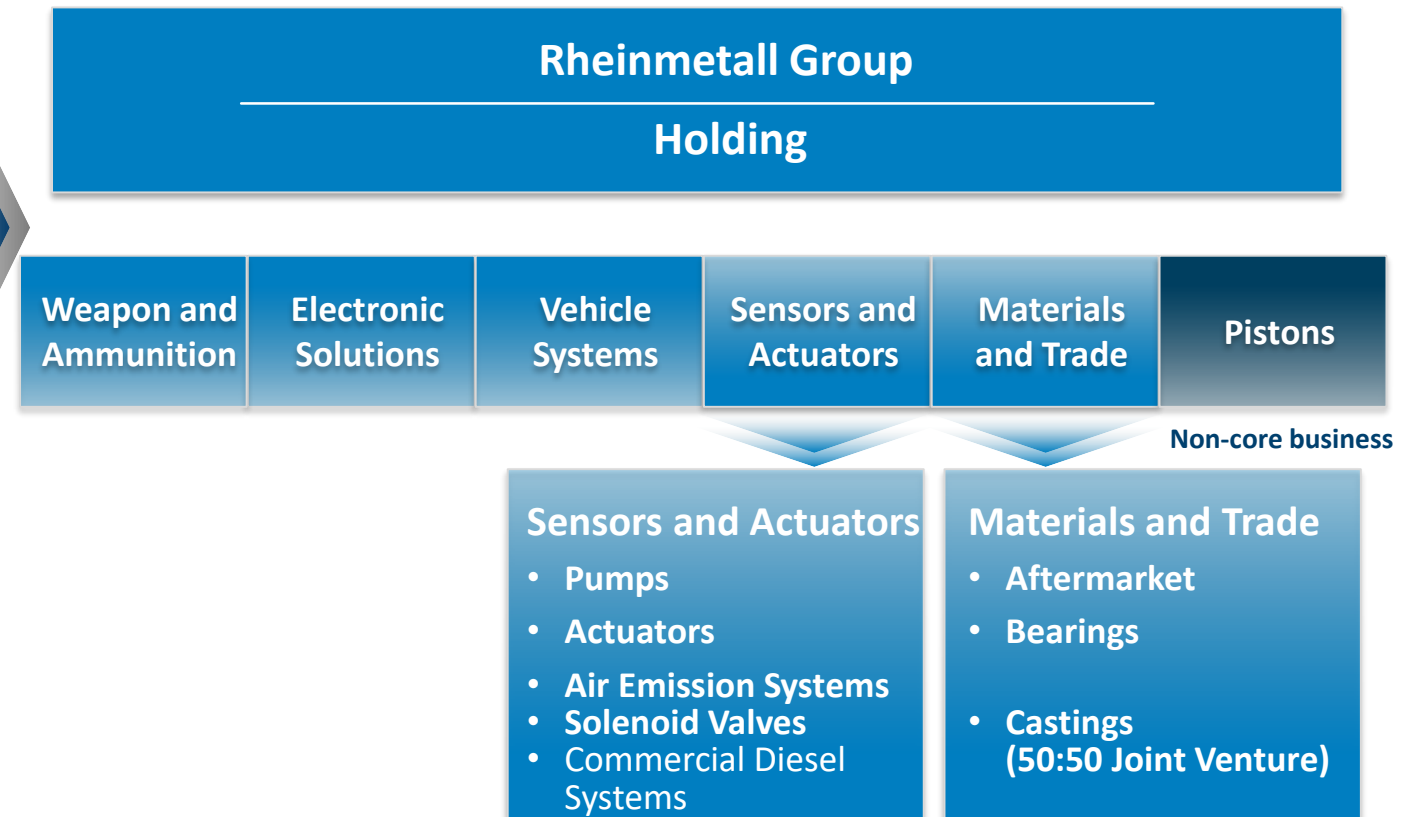
# Strategy update

## The new corporate structure

# 2020



# 2021





## Strategy update

### Strong measures to improve the Automotive situation

Pistons **decided** non-core business



Find a better owner for the piston business



**Divestment process started**

**Realignment of the core business**



**Right-sizing the organization**



**Preparation for transformation**

Superb engineering and production capabilities form our innovation culture



Leveraging of technologies to new applications



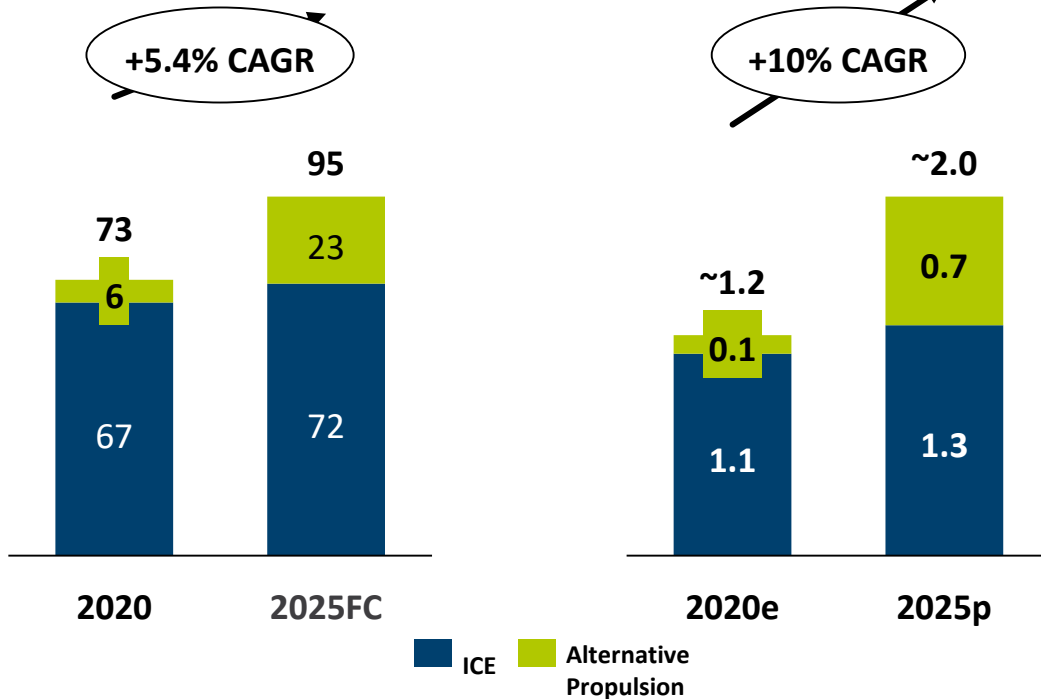
**Accelerate transformation**

# Strategy update

## Sensors and Actuators: Focus on profitable growth

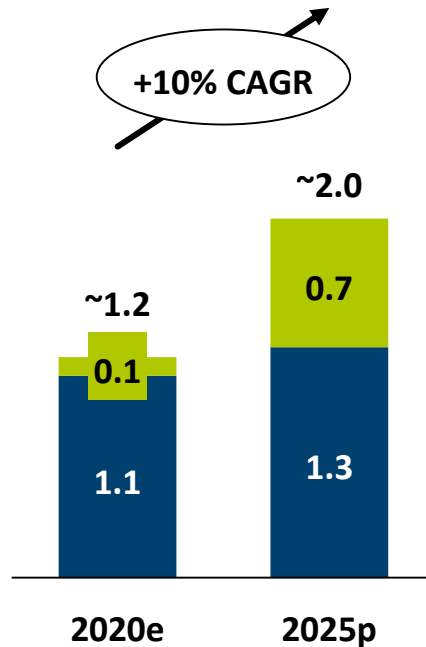
### IHS LV production\*

In million units



### Sensors and Actuators

Sales In € billion



### Historic performance (2015-2019)

- Sales growth of 1.3% CAGR vs. flat global LV volumes growth\*
- 9.3% average operating margin

### Regulation drives the business...

- Tighter thresholds → 95g CO<sub>2</sub>
- New emission regulation → EU 7
- Expansion to new regions → Asia

...but technology offers opportunities beyond automotive

# Strategy update

## Sensors and Actuators: Three pillars of growth

### Innovative solutions for clean mobility

Tighter Regulation of fuel fumes

#### Electronic Vapor Pump (EVAP)



#### Fuel Tank Isolation Valve (FTIV)



### Growth in alternative powertrains (AP)

Electrified Mobility

#### Thermal Management



COOLANT PUMP



COOLANT VALVE



PROPORTIONAL-COOLANT VALVE

#### H<sub>2</sub> Products



H2 Recirculation Blower



FUEL-CELL CONTROL VALVE



ELECTRICAL CATHODE VALVE

### Diversify into new applications

Sustainability and Performance

#### Thermal Management

- Server cooling
- 5G Base station & antenna

#### Air Management

- Air sanification equipment

#### H<sub>2</sub> Applications

- Stationary fuel cell

### Sales potential in 2025

Up to € 300 m

Up to € 500 m

Up to € 200 m

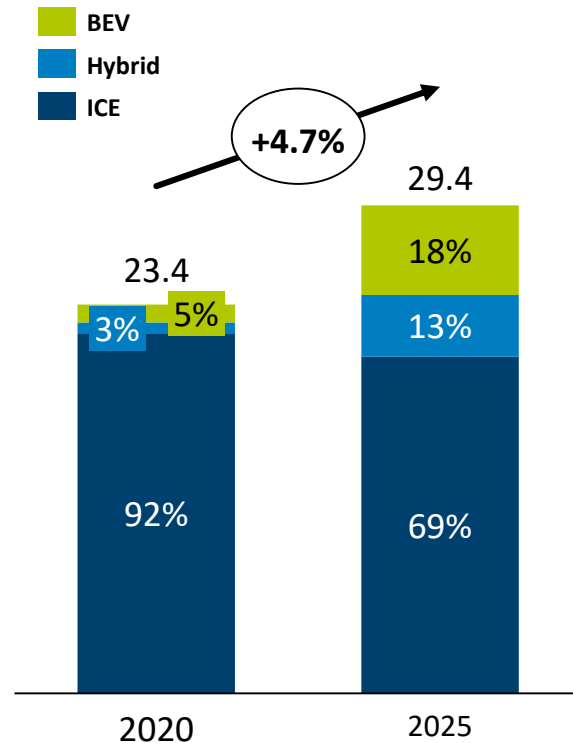


# Strategy update

## Sensors and Actuators: China JV clearly outperform market

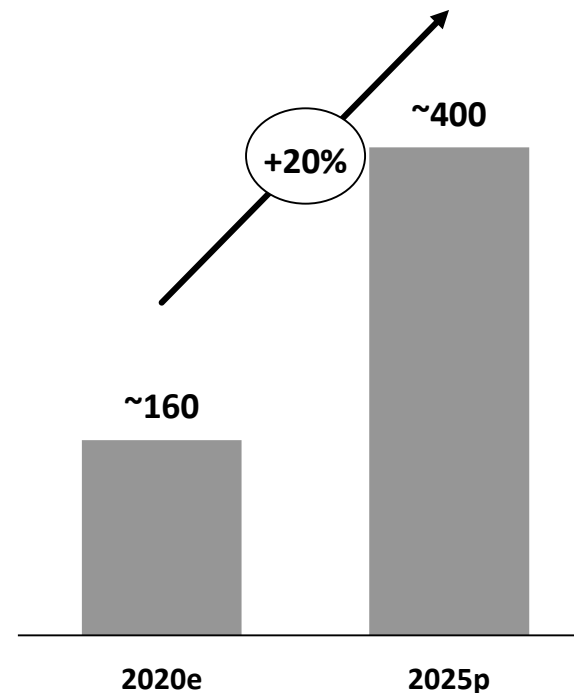
### IHS LV production\*

In million units; CAGR 2020-25



### China JV (100% pro forma sales )

In € million; CAGR 2020-25



### Strong profitable growth of at equity consolidated sales

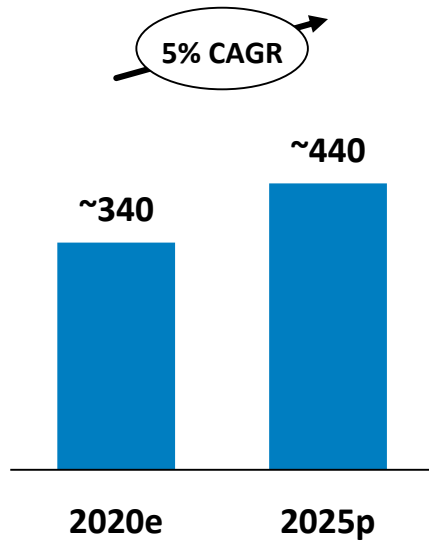
- Introduction of fuel fume regulation in China
- Tightening truck regulation in India and China
- Electrification of the powertrain

# Strategy update

## Materials and Trade: Well positioned to capture opportunities

### Aftermarket

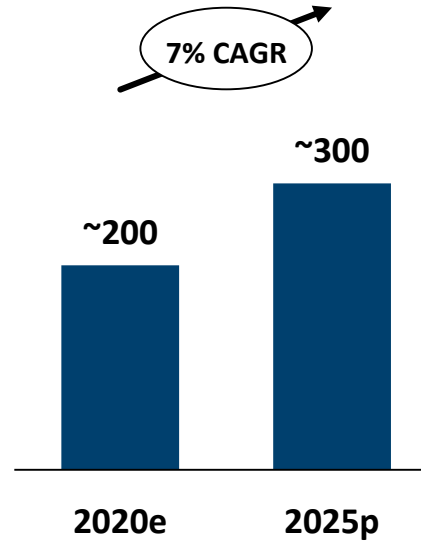
Solid profitability



- Regional expansion
- Increase** truck exposure
- Sustainable margin >9%**

### Bearings

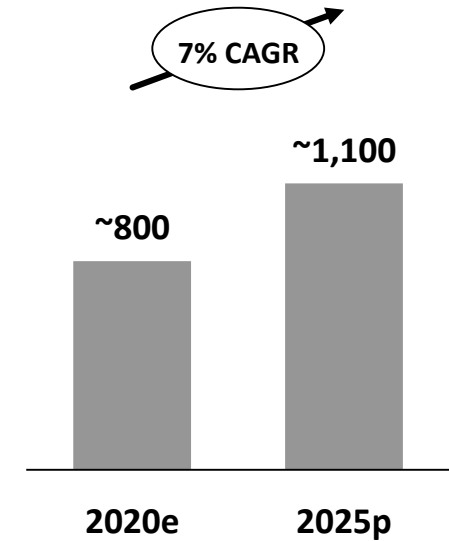
Shift to non-ICE applications



- Accelerate diversification
- Focus on industrials

### Castings (Joint Ventures)

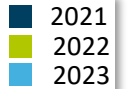
Technology leadership



- Flexible casting technology
  - Benefit from global lightweight trend
- (100% pro forma sales)**

## Strategy update

# Defence budgets demonstrate robustness despite Covid



### Threat scenario persists

- Russia and China defence spending increased at 10% CAGR\*\* during the last decade
- European defence emancipation becomes more popular

### Tender ongoing

- Large vehicle programmes with temporary delays, but no cancellations
- Modernization programmes remain key priority
- Positive outlook for tender pipeline

All data public defence budgets for the years 2021-2023, Hungary based on Jane's data

\*UK Budget 2020 increased by € 19 bn over 4 years modeled to internal assumptions \*\*Sipri: Defence budgets 2009 to 2019



## Strategy update

### Competitive vehicles portfolio offers huge potential

#### Infantry fighting vehicles

- Puma
- Lynx

~€15 – 40 bn

#### Main battle tanks

- Leopard
- Challenger
- MGCS

~€5 bn

#### Wheeled vehicles

- 4x4 HU JV
- 6x6 New Fox
- 8x8 Boxer

~€5 – 6 bn

#### Trucks

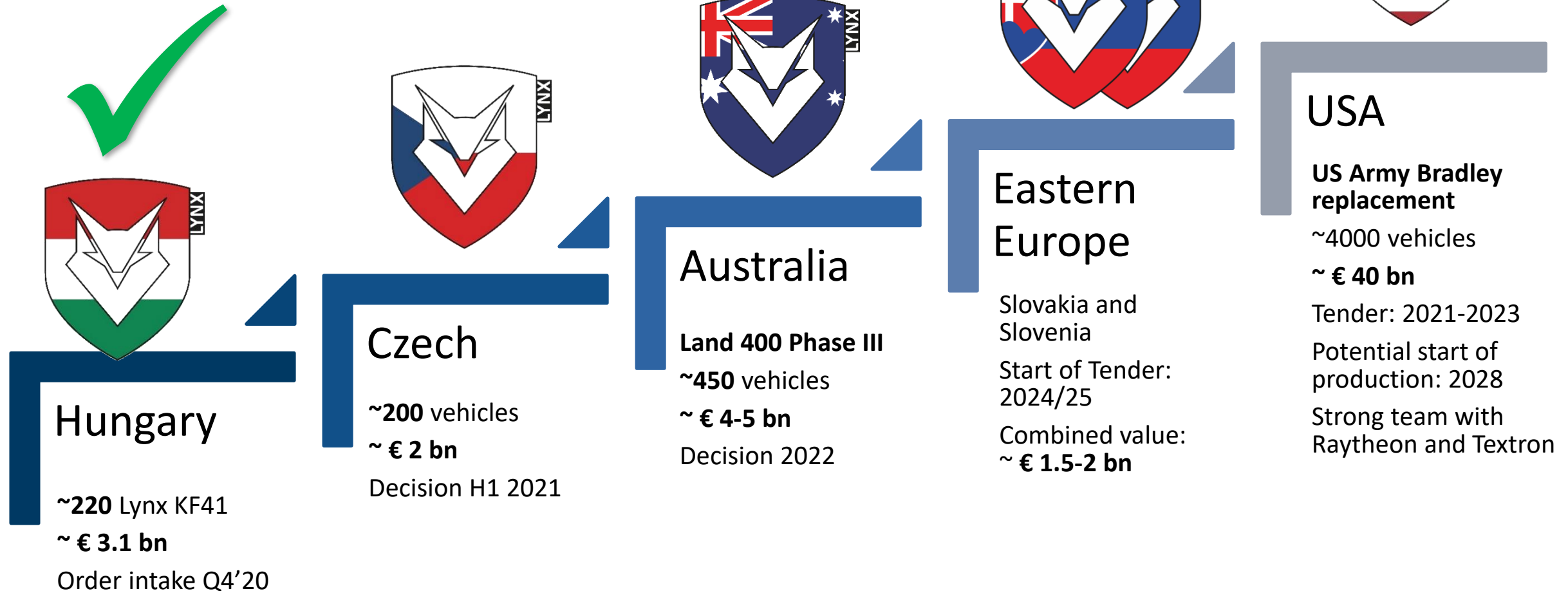
- HX-Family
- Future trucks

~€7 – 8 bn

**10 years' order potential of ~€ 30 to ~€ 60 bn**

# Strategy update

## Hungary is a catalyst for our Lynx pipeline



Strategy update

## Vehicle Systems main driver for mid-term growth

**2020e Sales**

**2025 Targeted Sales**

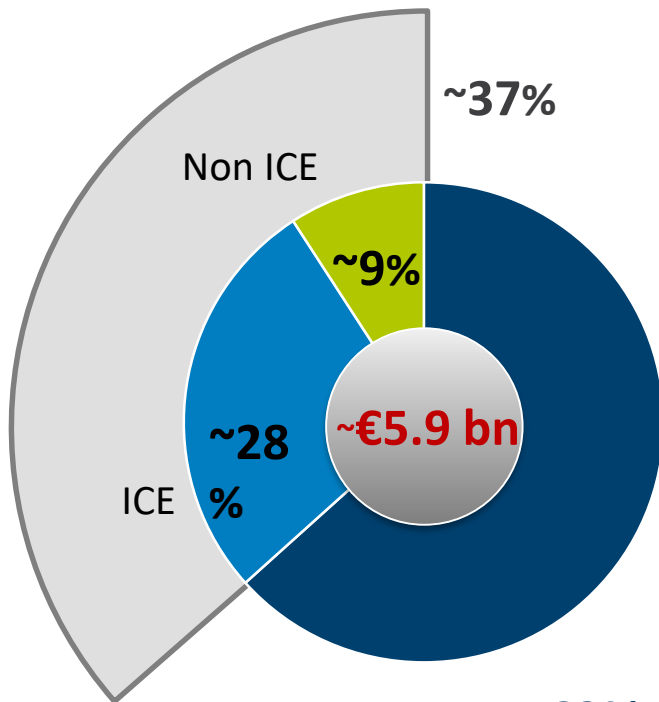




# Strategy update

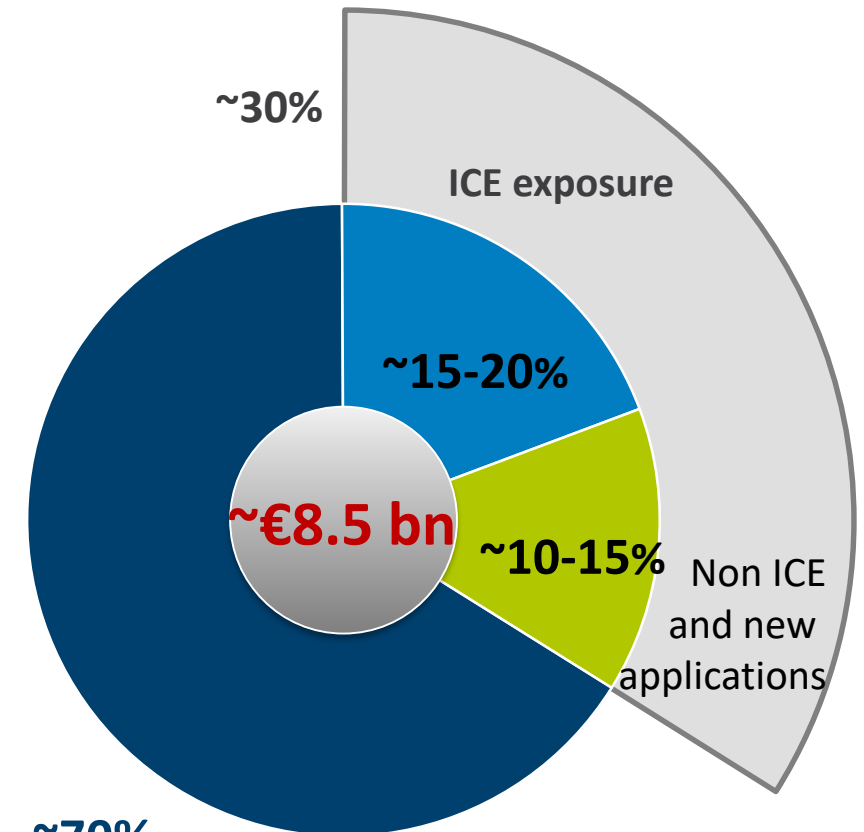
## Stronger focus on Defence with ICE exposure below 20%

**2020e Sales**



**~63%**  
**Defence exposure**

**2025 Targeted Sales**



**~70%**  
**Defence exposure**

Strategy update

**Commitment to our technological leadership**

**ONE Rheinmetall**  
**Passion for technology**

**Re-organization to  
better fit our needs**

- Divest non-core business
- Reorganize the way we do our business

**Leverage our core  
technological strengths**

- Further integrate technologies
- Capitalize our state-of-the-art technology

**Focus on growth  
business areas**

- Continue our successful Defence development
- Diversify into high growth markets **using our** technological off the shelf solutions

**Sustainability**

## Strategy update

### Upgrading our financial targets for 2025

#### Attractive growth profile

Sales target

**~ € 8.5 bn**

#### Higher profitability

Margin target

**$\geq 10\%$**

#### Focus on free cash flow

Cash to sales target\*

**~ 3-5%**

**Passion for Performance**



# AUTOMOTIVE

A changing world



# Automotive

## Leading technology and market positions

### Key Figures 2020

Sales: €2.2bn

Op. result: €33m

Op. margin: 1.5%

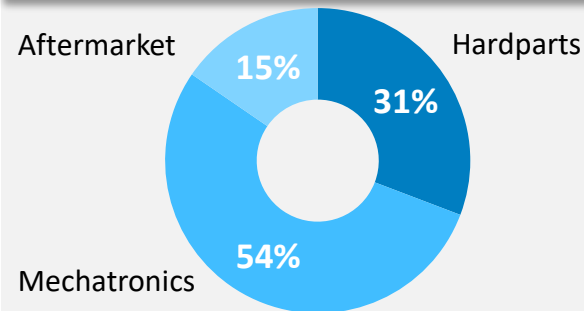
Op. FCF: €18m

R&D: €162m

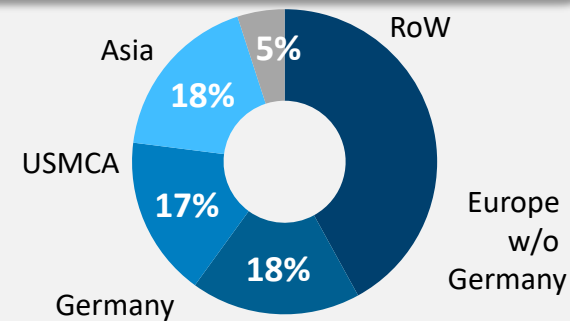
Capex: €95m

Headcount: 10,631

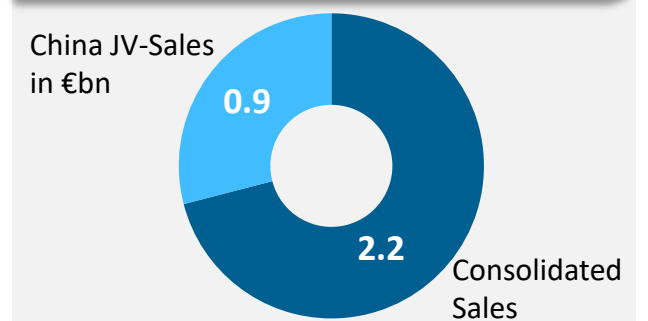
### Sales by division\*



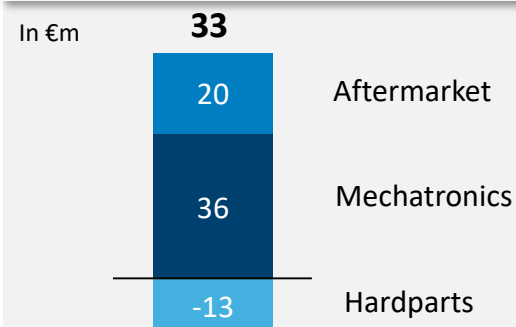
### Sales by region



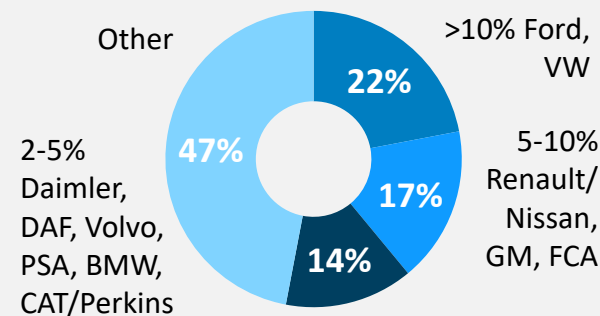
### Sales Total Management View



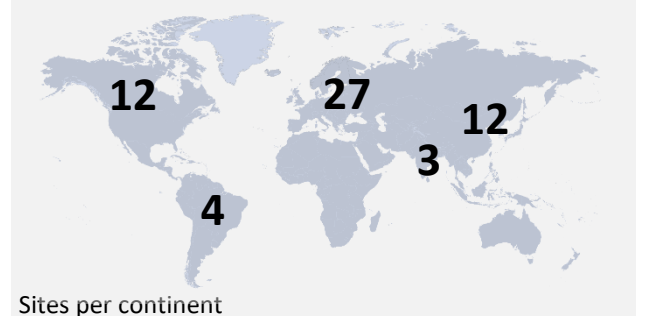
### Operating result by division\*



### Sales by customer





### Global set up



\*unconsolidated

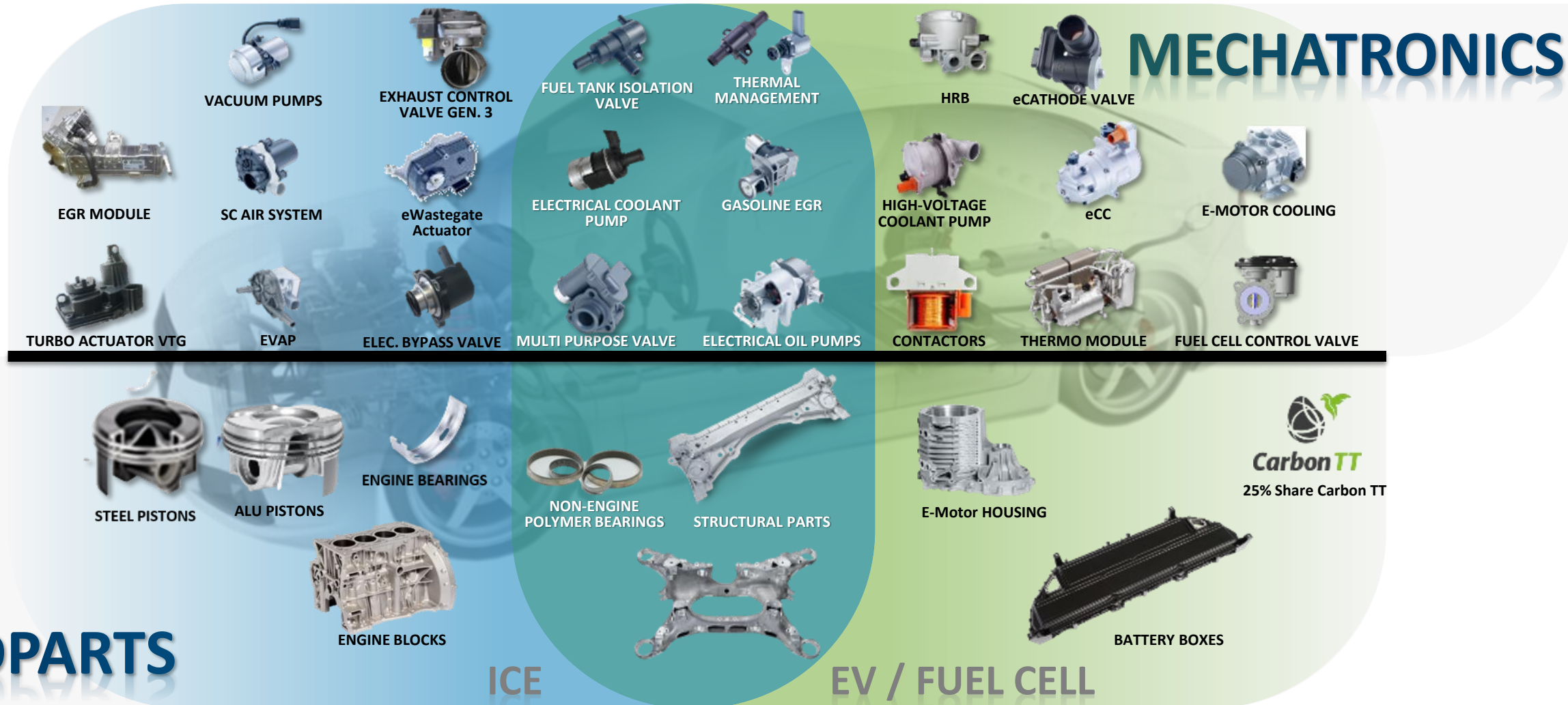
# Automotive

## Leading technology and market positions

Sales driver	Segment Structure	Key Competitor	Differentiator
<ul style="list-style-type: none"> <li>▪ Megatrend mobility</li> <li>▪ Growing demand for clean mobility</li> <li>▪ Global LV production with further growth</li> <li>▪ Increased regulation</li> </ul>	<div> <div> <b>Hardparts</b> <ul style="list-style-type: none"> <li>▪ Pistons</li> <li>▪ Castings</li> <li>▪ Bearings</li> </ul> </div> <div>  </div> <div> <b>Mechatronics</b> <ul style="list-style-type: none"> <li>▪ Pump Technology</li> <li>▪ Auto. Emission Systems</li> <li>▪ Commercial Diesel Systems</li> <li>▪ Solenoid Valves</li> <li>▪ Actuators</li> </ul> </div> <div>  </div> <div> <b>Aftermarket</b> <ul style="list-style-type: none"> <li>▪ Hardparts</li> <li>▪ Mechatronics</li> </ul> </div> </div>	<div> <b>Hardparts</b>            Mahle, Nemak, GGB, Tenneco (Federal Mogul), Dong Yang         </div> <div> <b>Mechatronics</b>            Magna, Bosch, Denso, Valeo, Schaeffler         </div> <div> <b>Aftermarket</b>            Tenneco (Federal Mogul), Mahle, Bosch, Valeo         </div>	<ul style="list-style-type: none"> <li>▪ Strong brand</li> <li>▪ Global footprint</li> <li>▪ Strong partnerships               <ul style="list-style-type: none"> <li>▪ (Hasco, Shriram, Riken, ZYNP)</li> </ul> </li> <li>▪ Wide technology portfolio</li> <li>▪ Extensive product Know-How</li> </ul>

# Automotive overview

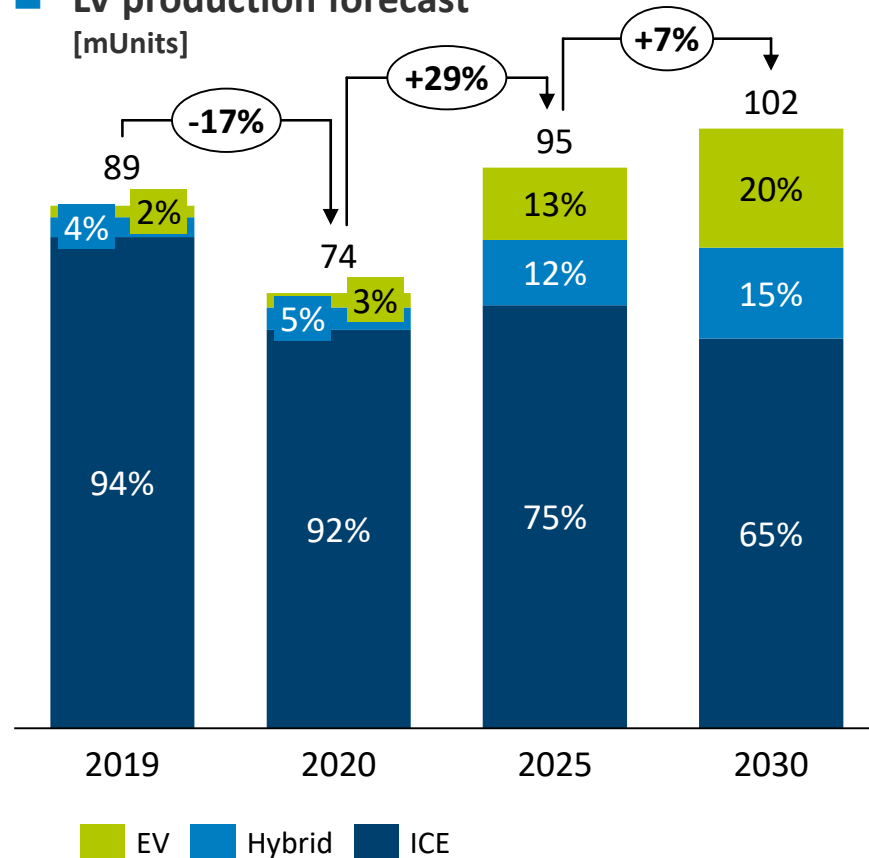
## Product portfolio by division and engine type



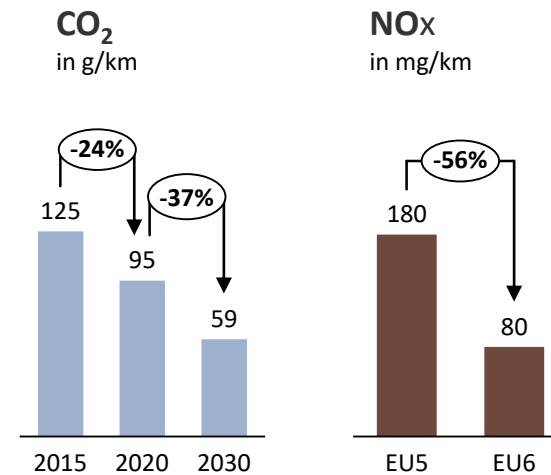
## Drivers for growth

# Rising global fleet and regulatory restrictions are supporting our growth

■ **LV production forecast\***  
[mUnits]

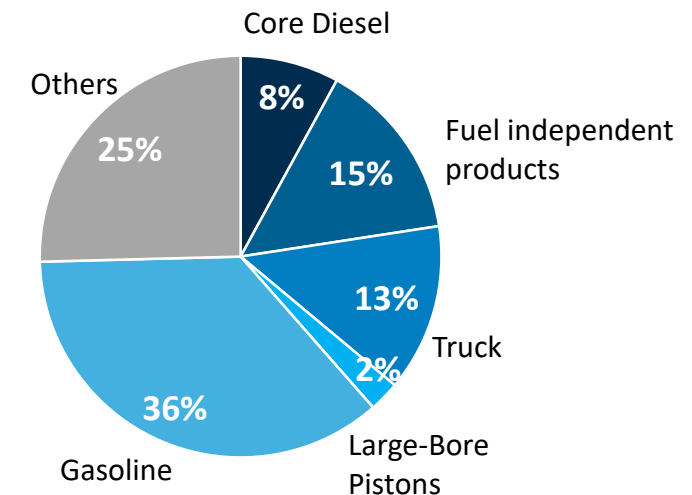


■ **Further regulatory pressure\*\*\***



- Next regulation deadline approaching in 2020
- Real driving emission(RDE) testing will create further pressure to reduce emissions by hardware installation
- First city ban for diesel engines announced in Germany

■ **Automotive sales distribution by engine type\*\***



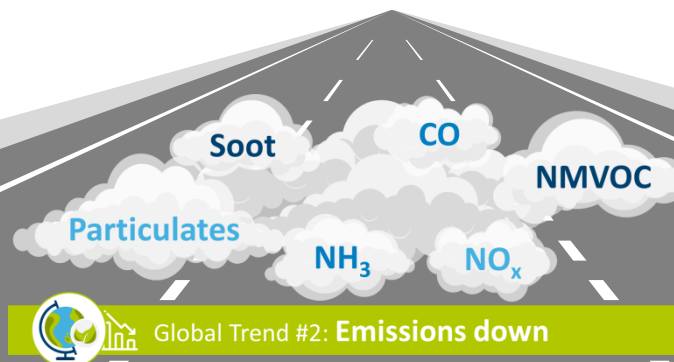
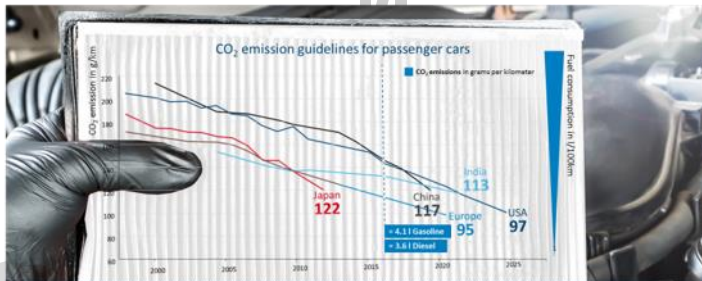
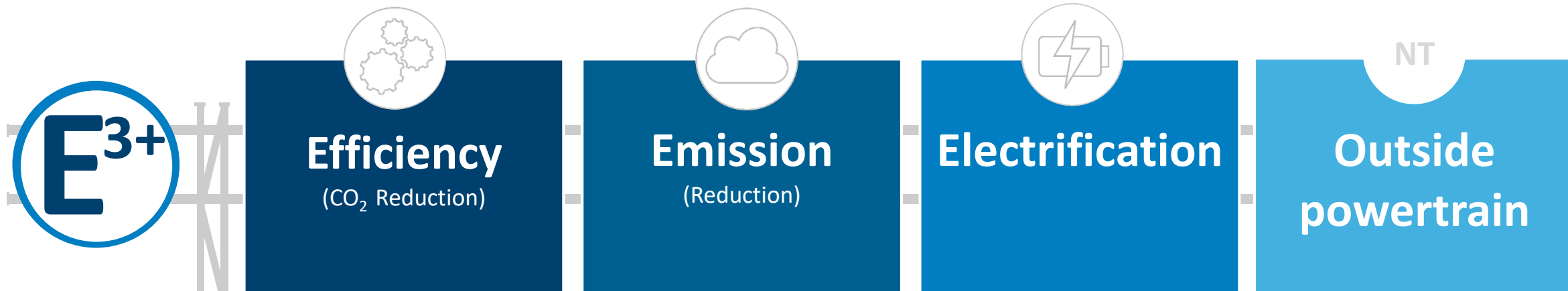
\* IHS 12/2020 and company estimates

\*\* Rheinmetall Automotive sales FY 2020

\*\*\* 95g = 4.1l Gasoline or 3.6l Diesel, 2030 estimates based on Regulation (EU) 2019/631

# Automotive Market trends

## The growth drivers remain strong

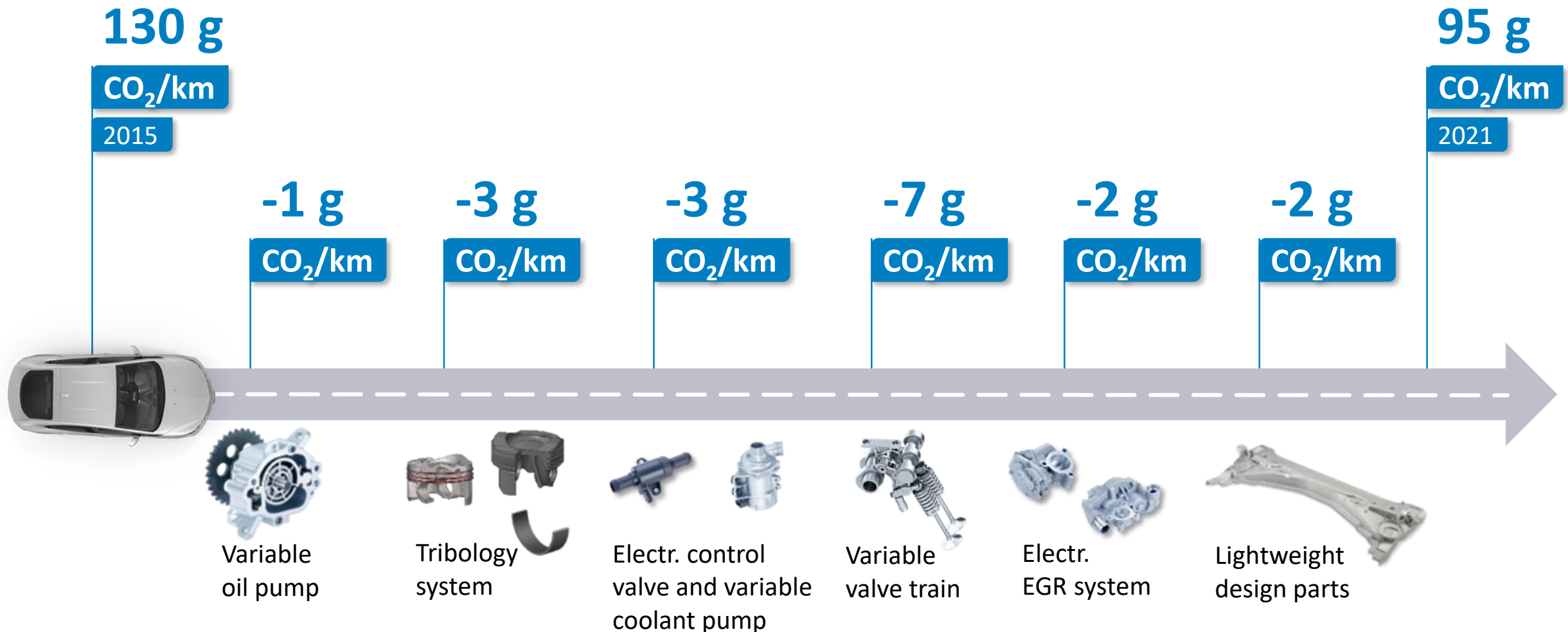


**The innovation pipeline is packed!**



# Efficiency

## CO<sub>2</sub> - reduction with Automotive products – gasoline engine vehicle



\*Reference: 1.4L 4-cylinder, TC DI gasoline engine (115kW), approx. 138 g CO<sub>2</sub>/km in NEDC

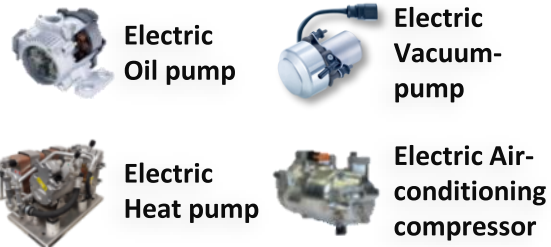
# Electrification

## Rheinmetall Automotive products



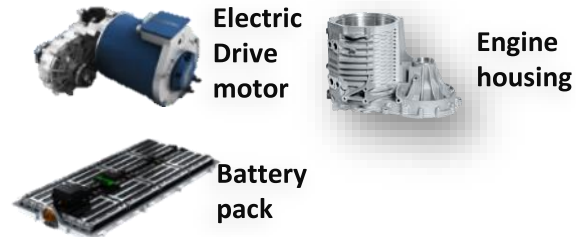
### ELECTRIFICATION

Peripheral system and components



### CAR

(HV) 400V<sup>PLUS</sup>  
50-125KW



### FIRST-/LAST-MILE

48V  
15-20KW



### MICRO E-DRIVE SYSTEM

48V  
0,25-0,7KW

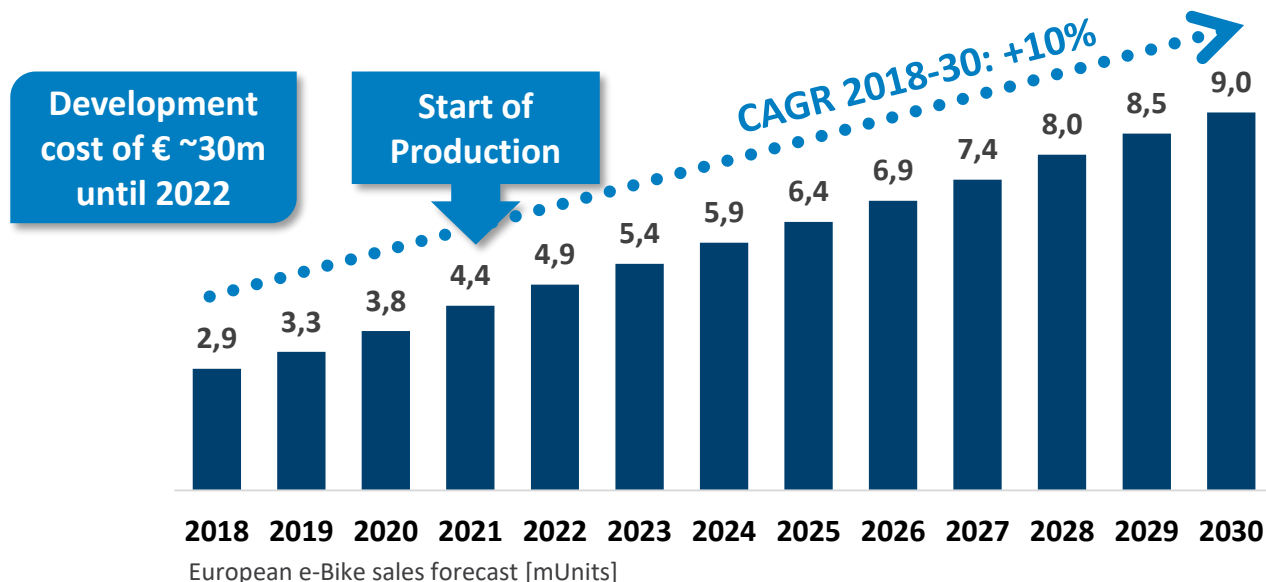


# Micro Mobility

## Starting with competitive product into a booming market

### High growth market

- European market **with 10% CAGR** between 2018 and 2030
- High market concentration** with Bosch representing almost 50% of market share
- E-bike market price averaged at €3.000** last 3 years



### Unique selling proposition

- Smooth phasing of engine support
- Excellent freewheeling
- Low weight and compact build
- Low noise emission
- High thermic stability
- Interesting connectivity features
- Speedy service concept



# Diversification

## Increasing portfolio for non-LV applications

**Trucks**



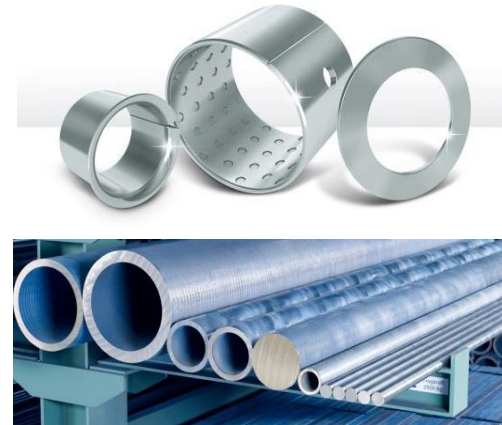
**Diverse portfolio for  
truck applications**

**Large bore pistons**



**E.g. ship and locomotive  
pistons**

**Bearings &  
continuous casting**



**Sanitary application**

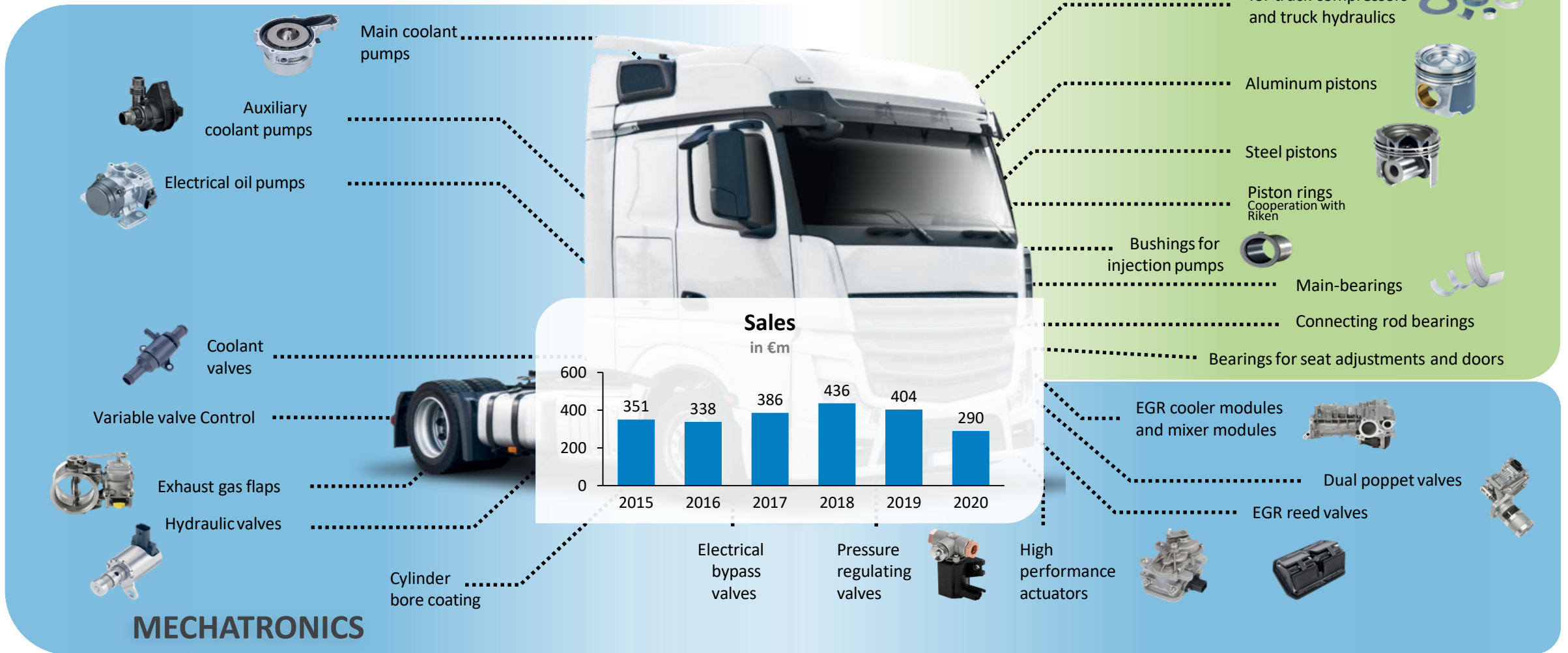
**Aftermarket**



**Global supply of spare parts**

# Trucks

## Diverse portfolio for truck applications



# Automotive China

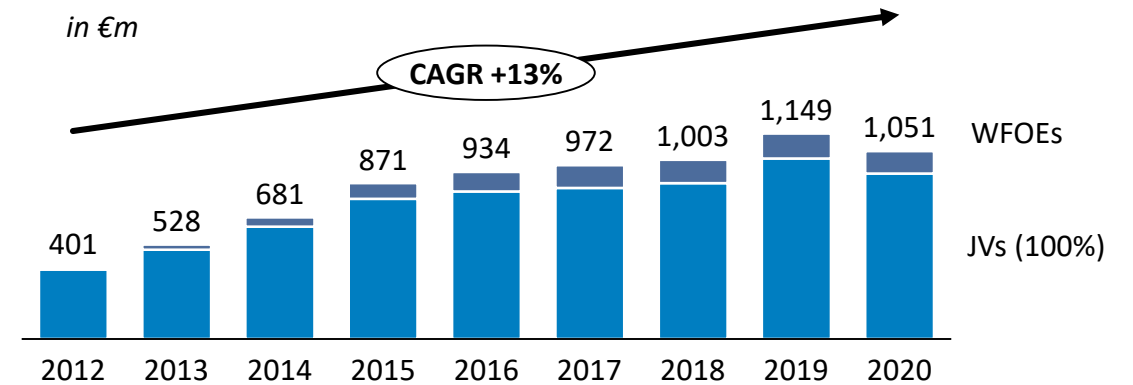
## China growth story

### Highlights

- Partner of local big players SAIC and HASCO (50/50 joint ventures)
- Biggest casting capacities in China – technology leader
- Regulation (China 6) – provides substantial growth potential for mechatronics division
- Strong demand for NEV products
- China Story on track: product pipeline supports growth ambitions
- Demand for Mechatronics products key driver

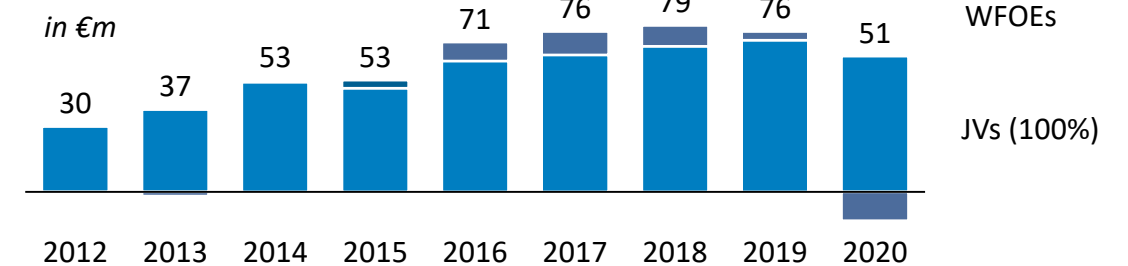
#### Sales China

in €m



#### EBIT China

in €m







# DEFENCE

Managing the “super cycle”

# Defence

## Leading supplier with an increasing international presence

### Key Figures 2020

**Sales:** €3.7bn

**Op. result:** €414m

**Op. margin:** 11.1%

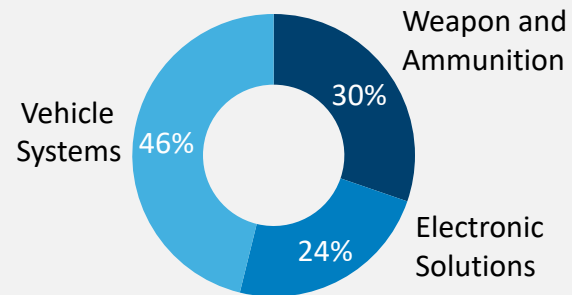
**Op. FCF:** €174m

**R&D:** €89m

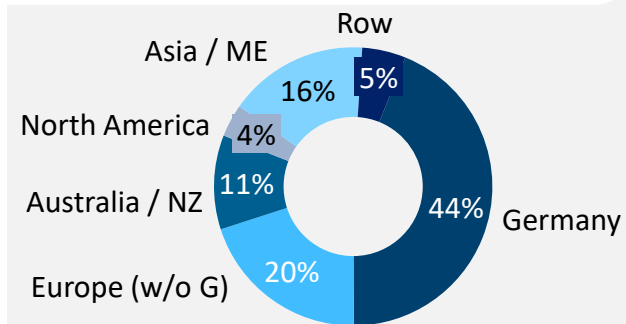
**Capex:** €201m

**Headcount:** 12,344

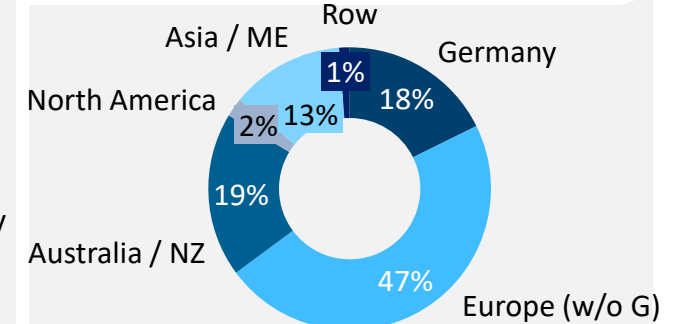
### Sales by division\*



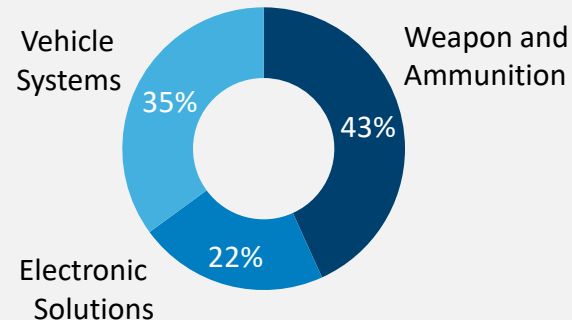
### Sales by region



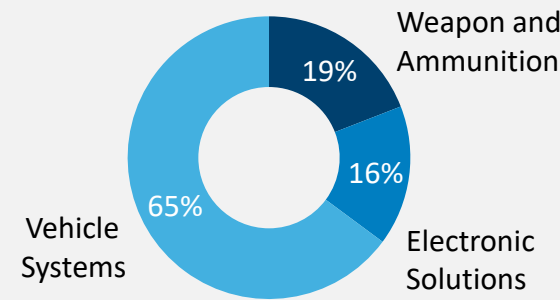
### Order backlog by region



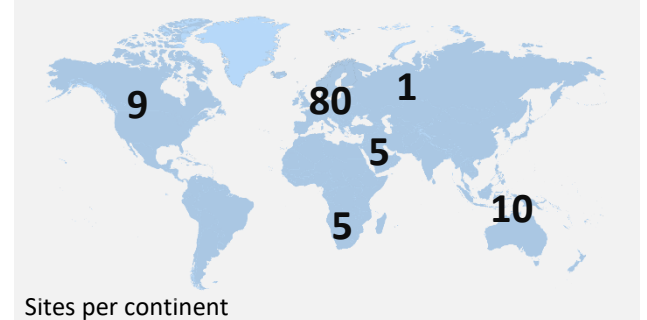
### Operating result by division\*



### Order backlog by division



### Global set up



\*unconsolidated

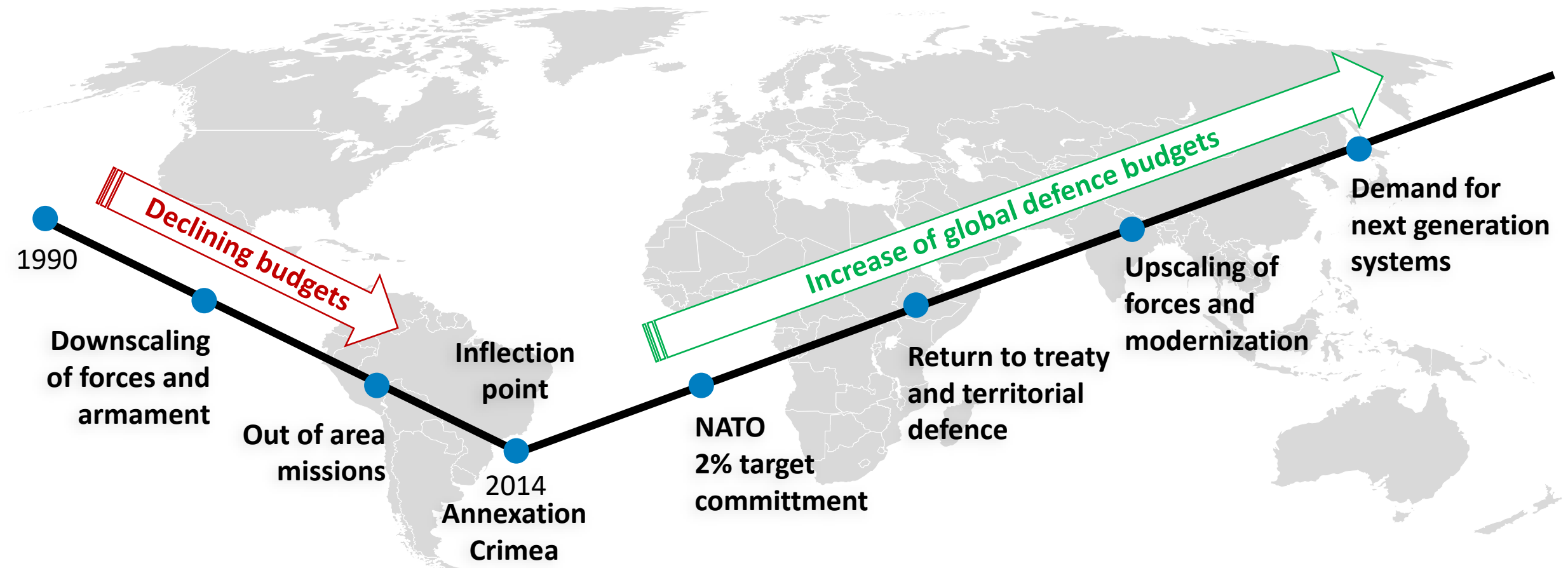
# Defence

## Leading technology and market position

Sales driver	Structure of Corporate Segments	Key Competitor	Differentiator
<ul style="list-style-type: none"> <li>■ Increasing demand for security</li> <li>■ Geostrategic power shifts</li> <li>■ Constantly changing conflict situations</li> <li>■ Rising defence/ security budgets</li> </ul>	<div> <div> <b>Vehicle Systems</b> <ul style="list-style-type: none"> <li>■ Tactical Vehicles</li> <li>■ Logistic Vehicles</li> </ul> </div> <div>  </div> </div> <div> <div> <b>Weapon and Ammunition</b> <ul style="list-style-type: none"> <li>■ Weapon and Munition</li> <li>■ Protection Systems</li> <li>■ Propulsion Systems</li> </ul> </div> <div>  </div> </div> <div> <div> <b>Electronic Solutions</b> <ul style="list-style-type: none"> <li>■ Integrated Electronic Solutions</li> <li>■ Air Defence and Radar Systems</li> <li>■ Technical Publications</li> </ul> </div> <div>  </div> </div>	<div> <div> <b>Vehicle Systems</b> <p>General Dynamics, BAE, KNDS, Scania, Iveco, Hanwha</p> </div> <div> <b>Weapon and Ammunition</b> <p>Nammo, Northrop Grumman, Plasan, Eurenco, GD, Kongsberg</p> </div> <div> <b>Electronic Solutions</b> <p>R&amp;S, CAE, Saab, Thales, Rafael, Elbit Systems, Safran, Hensoldt</p> </div> </div>	<ul style="list-style-type: none"> <li>■ Reputation as trustful and reliable company</li> <li>■ International footprint</li> <li>■ Broad product portfolio</li> <li>■ International presence</li> <li>■ System integrator</li> <li>■ Modular and open architecture <ul style="list-style-type: none"> <li>■ Weapon and sensor platforms</li> </ul> </li> <li>■ Excellent engineering Know-How &amp; capabilities</li> </ul>

# Defence

## Managing the super cycle



Defence super cycle

**Successful internationalization provides diverse sources of growth**

## Our home markets

### Germany

- Largest customer
- Budget increase: Commitment to 1.5% in 2024
- 100% Equipment level
- More personnel

### Australia

- Established „home market“
- Land 400 program as demand driver
- Ammunition framework contract

### United Kingdom

- JV with BAE serves „home market“
- MIV and Challenger LEP program
- Ammunition framework contract

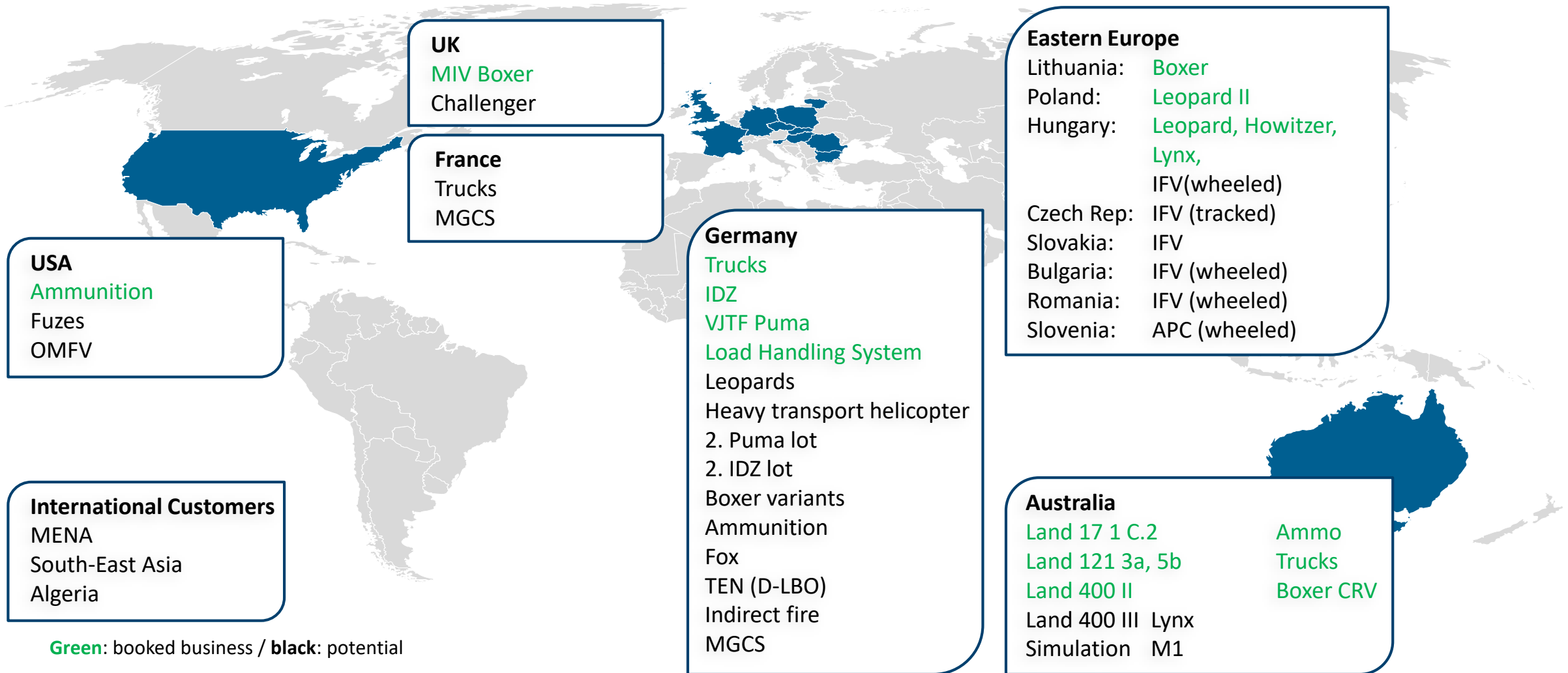
### Eastern Europe

- Modernization to NATO standards
- VJTF participation
- IFV tender pipeline



# Defence tender overview

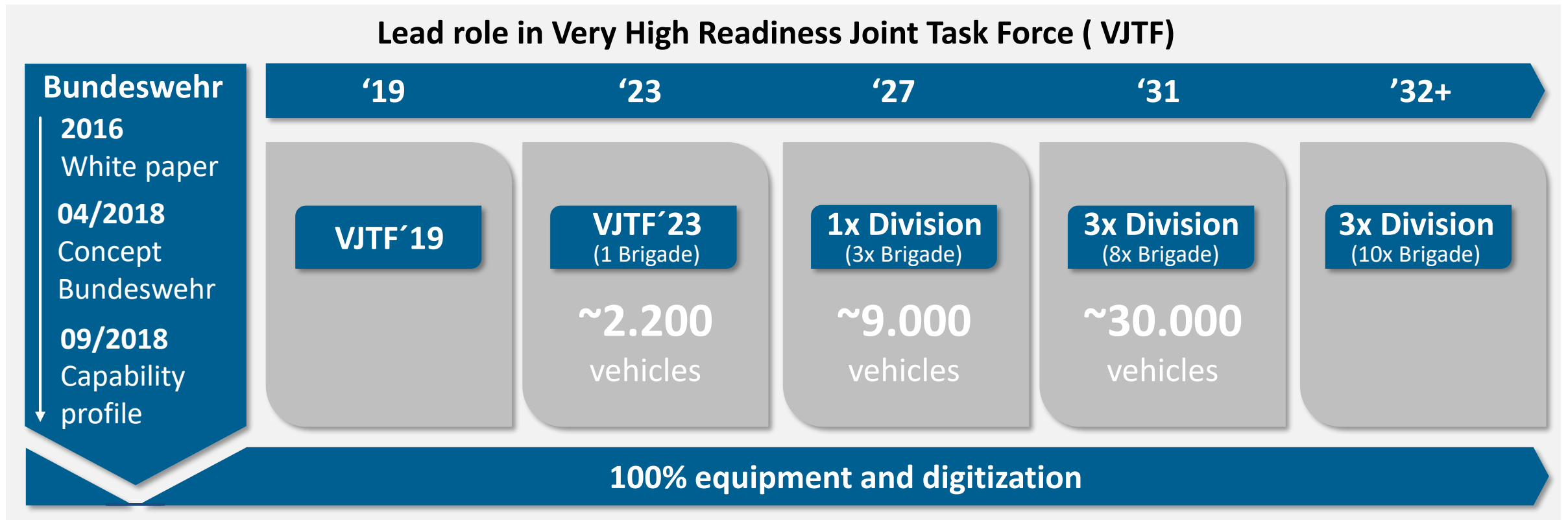
## High demand could lead to promising super cycle





German defence

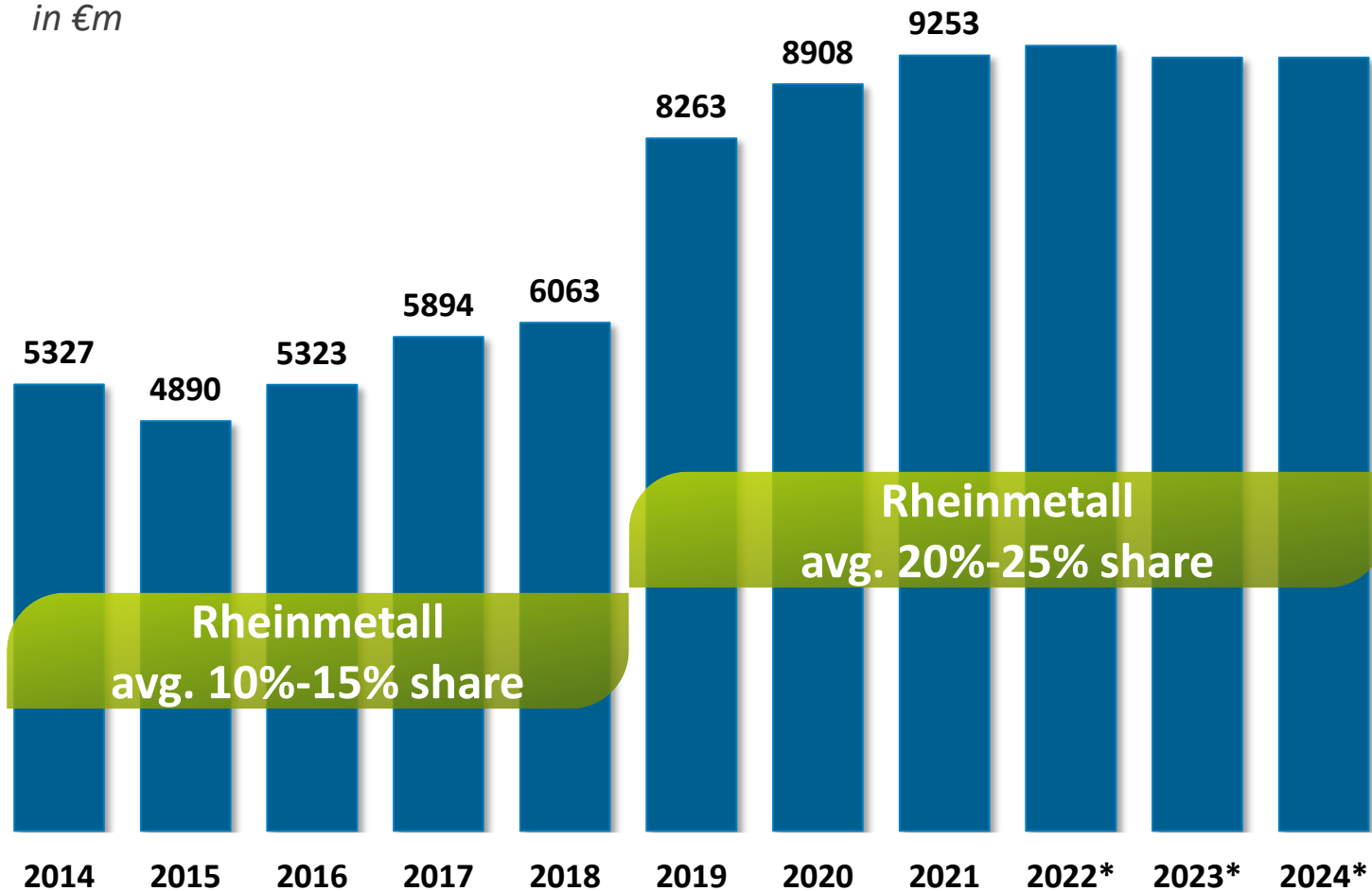
## NATO commitment key driver for German demand



# German defence budget

## Investment expenses and Rheinmetall-share - budgets become sizeable

in €m



### Drivers for budget increase:

- More personnel, return to ~200.000 soldiers
- More equipment (100% equipment level)
- More finance, investive share increased by 14% from 2019 to 2020
- Even with shrinking GDP due to corona the defence budget remains stable

**NATO and VJTF commitment as strong drivers!**

\*based on BMWi defence budget forecast Sep.20; assumption 20% investive share of German defence budget

# German Defence

## Additional structural demand of German armed forces

### Vehicles

**Fox**



(>500 vehicles)

**Boxer**



(~150 vehicles)

**Trucks**



(>10.000 vehicles)

**Puma**



(~250 vehicles)

**Leopard 2**



(>200 vehicles)

### Programs and ammunition

**NNBS**



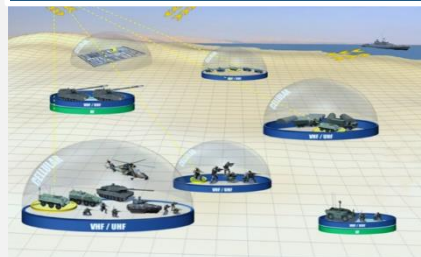
(Short range air defence)

**TLVS/Next Gen. Patriot**



(Tactical air defence)

**DLBO TEN**



(former MoTaKo)

**Ammunition**



Long term doubling potential

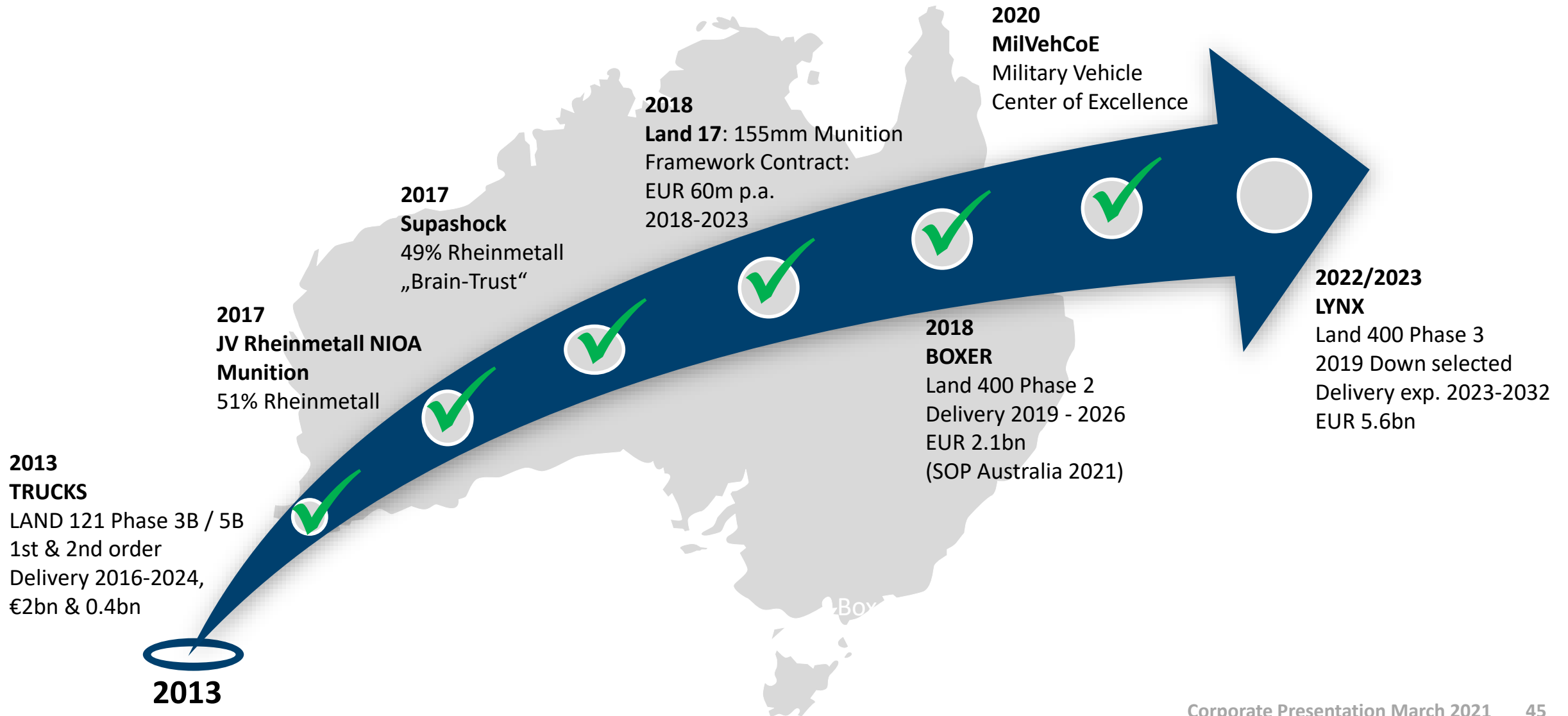
**Military Camps**



Build, operate and rebuild

# Australia

## Successful establishment of a new “home market”



# United Kingdom - Joint Venture with BAE

## Creating a new “home market” and strengthening our position

### LEGACY BUSINESS

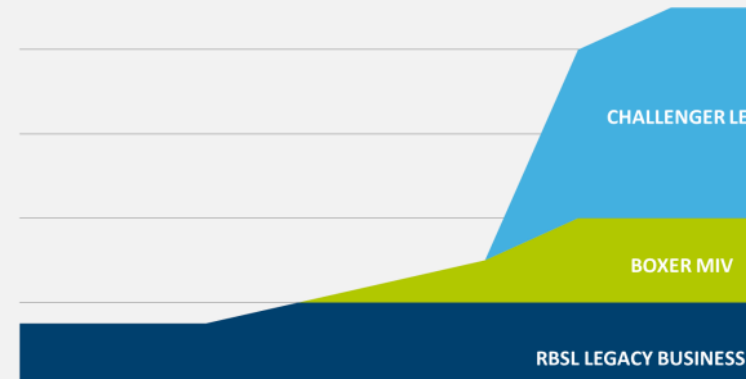
- BAE UK business
  - Armoured engineering vehicles and bridge-laying tanks
  - AS 90 self-propelled artillery system
  - Force protection components
  - Services
- 7.500 MAN vehicles under service



### EXPANSION OF PRODUCT PORTFOLIO

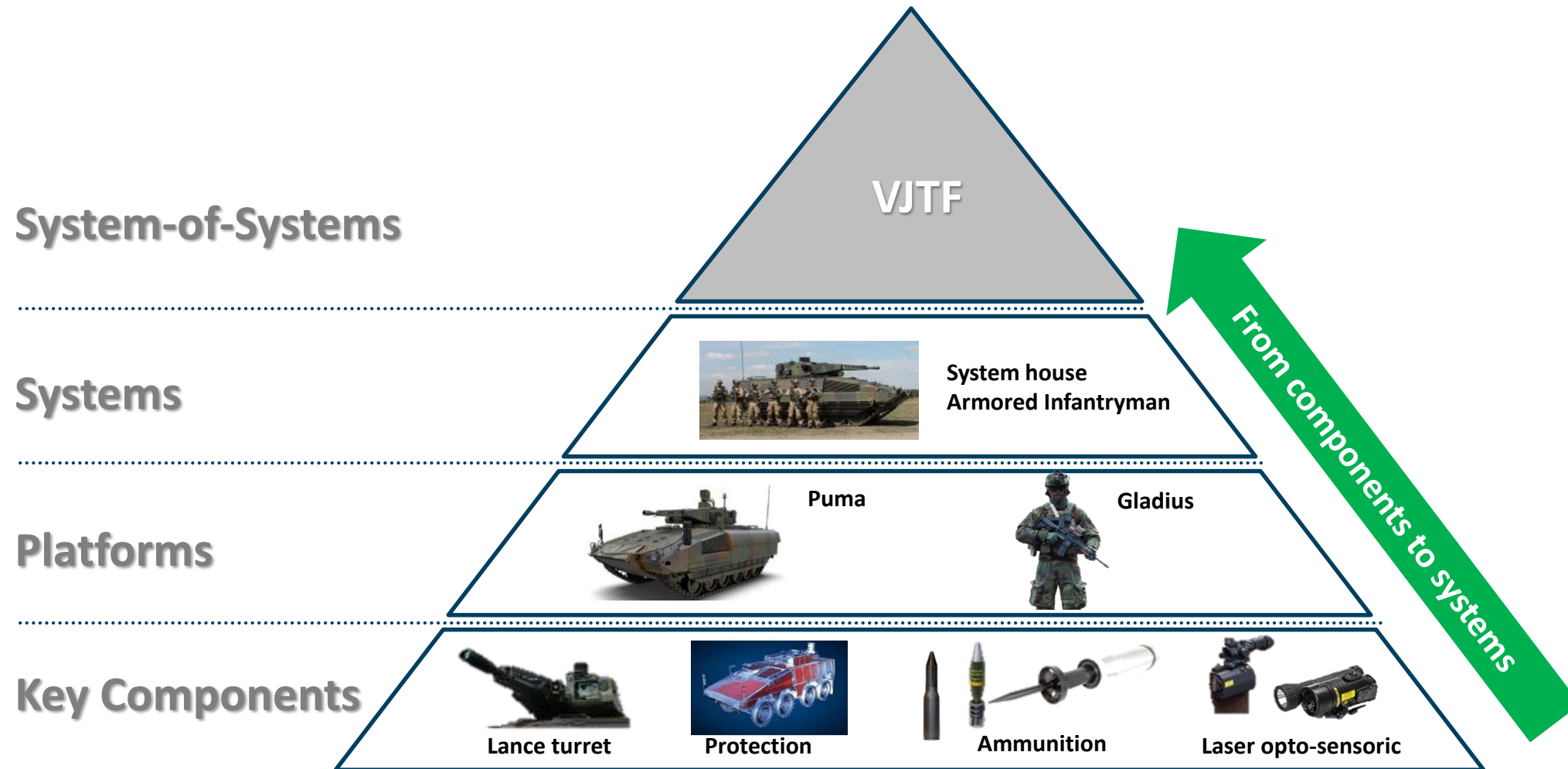
#### Future

- Boxer Mechanized Infantry Vehicle (MIV)
  - 500 vehicles @ € 1.4bn
- Challenger 2 Life Extension Programme
  - potential order size 148 MBT @ € 0.8-1.2bn
- Next generation of battle tanks

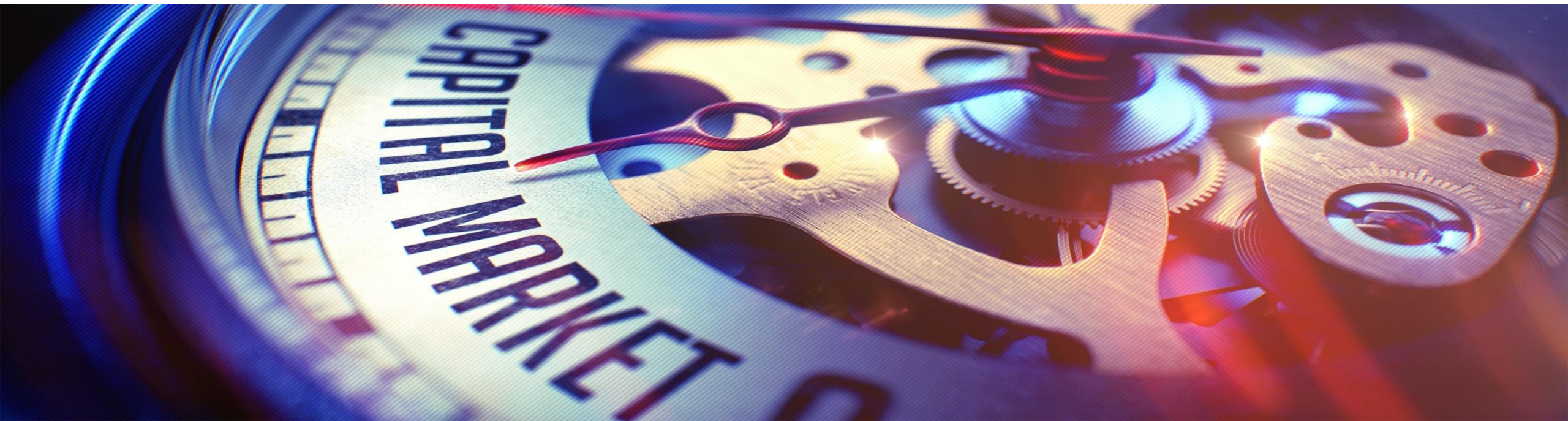


# System house for land based operations

## Integrating components to systems







# FINANCIALS

## FY 2020 Highlights: Group

### **Solid financial performance under difficult circumstances**



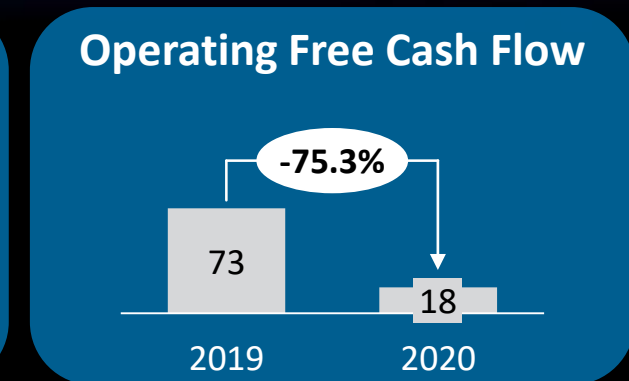
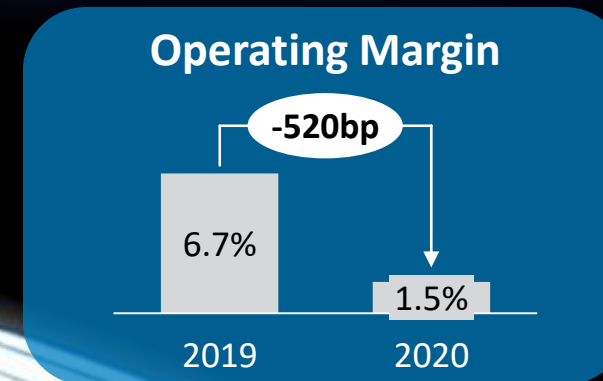
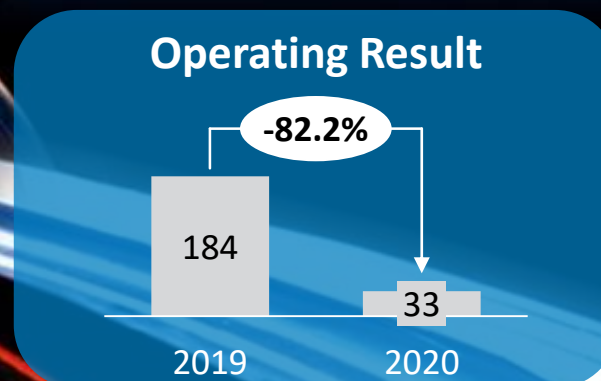
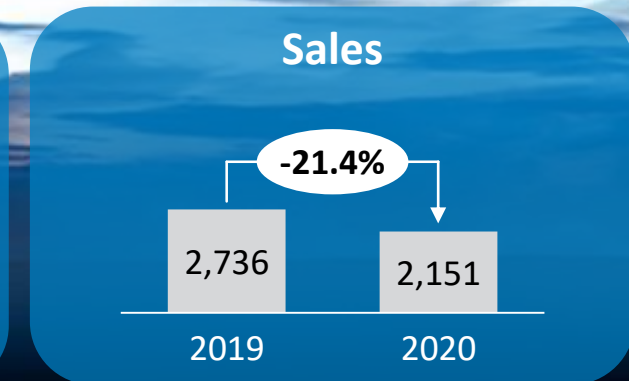
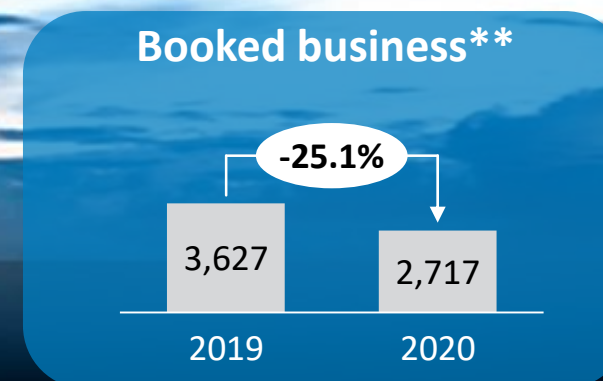
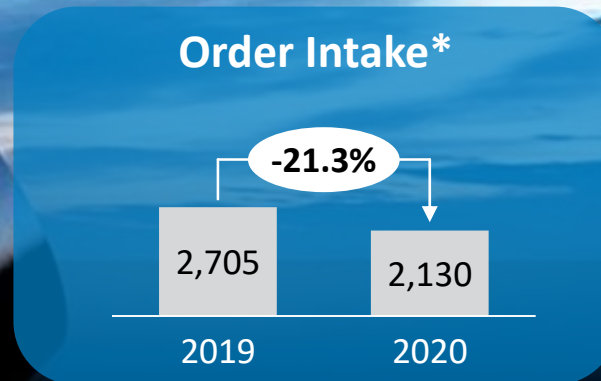
- **€217 m operating free cash flow**
- **€2.00 dividend proposal to the AGM**
- **Record order backlog of €13.4 bn**
- **Corona crisis well managed**
- **Transformation process initiated**



# FY 2020 Highlights: Automotive

## Crisis well managed

in €m



\* Order intake for the reporting year

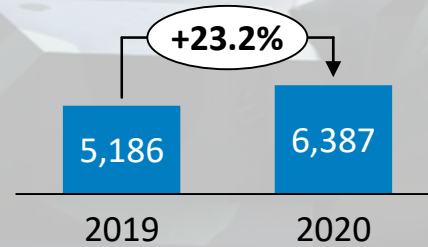
\*\* Booked business includes total contract value over platform lifetime

# FY 2020 Highlights: Defence

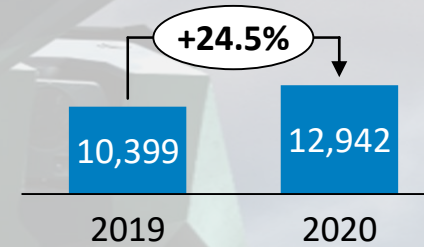
## Very successful 2020 laid base for a bright future

in €m

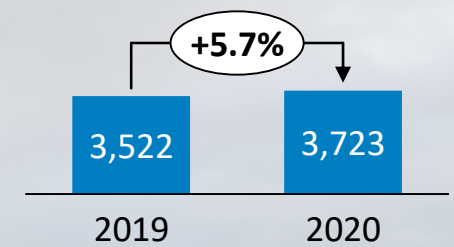
### Order intake



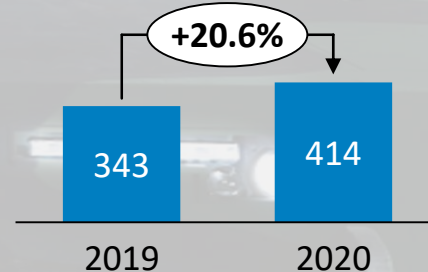
### Order backlog



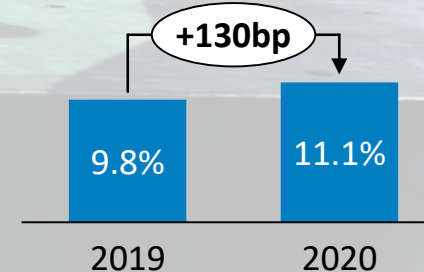
### Sales



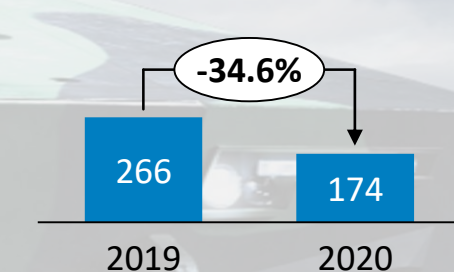
### Operating Result



### Operating Margin



### Operating Free Cash Flow

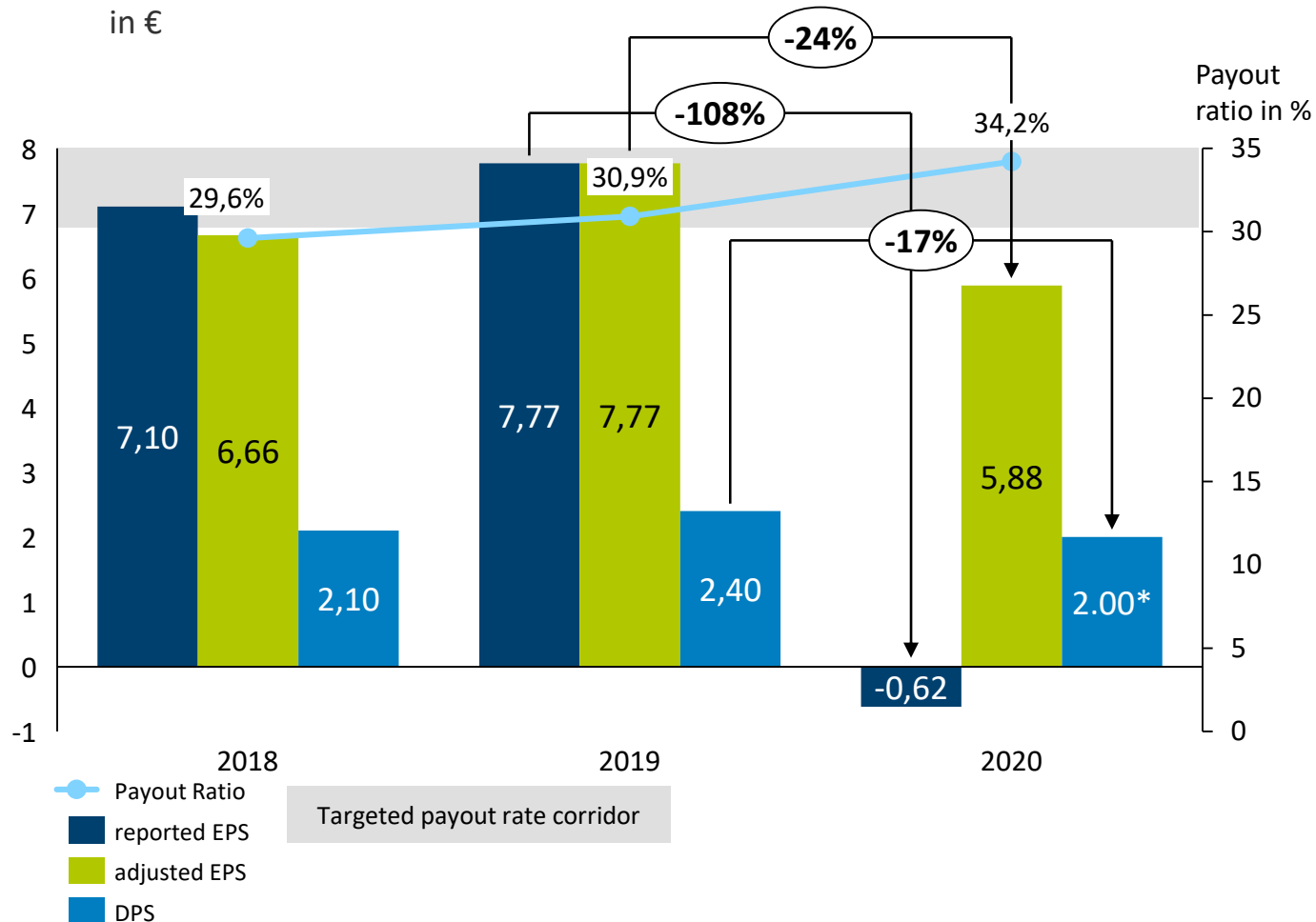


# FY 2020 Group: EPS and dividend

## Progressive dividend proposal underpins management confidence

### Earnings and dividend per share

in €



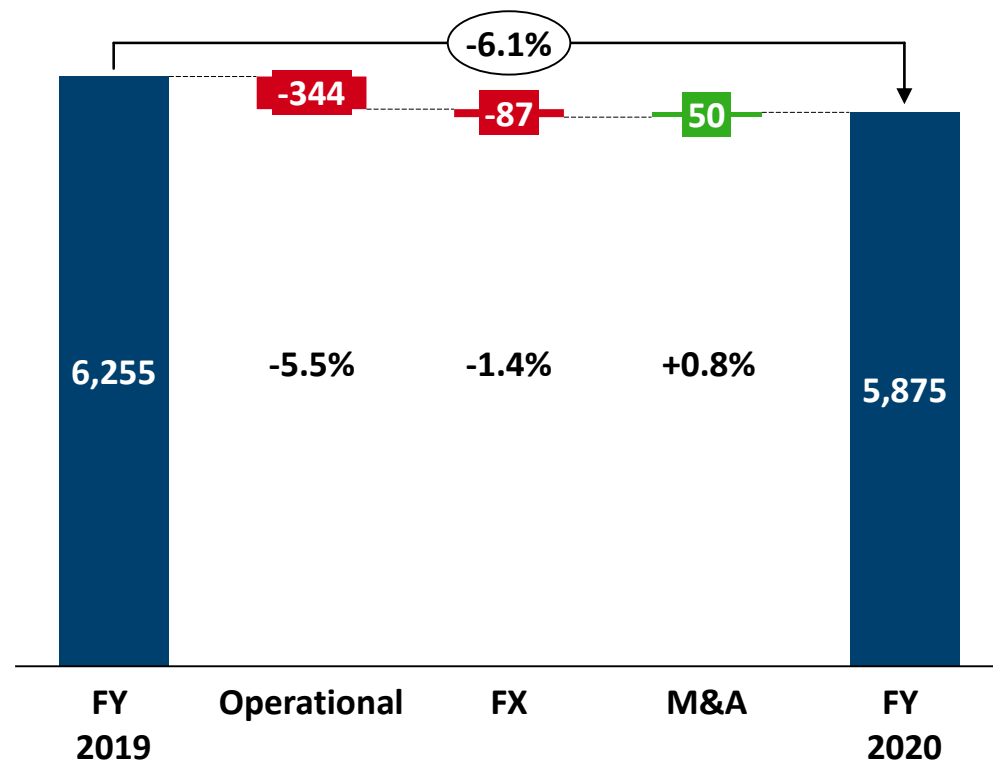
- Progressive dividend proposal despite EPS reduction due to operational decline in Automotive and special items of €337m
- Payout ratio of ~34% on adjusted EPS\*\*
- Total payout to shareholders of ~€86m can be paid out of operating free cash flow

\* Dividend proposal subject to AGM approval \*\*Payout ratio calculated on net income adjusted for special items

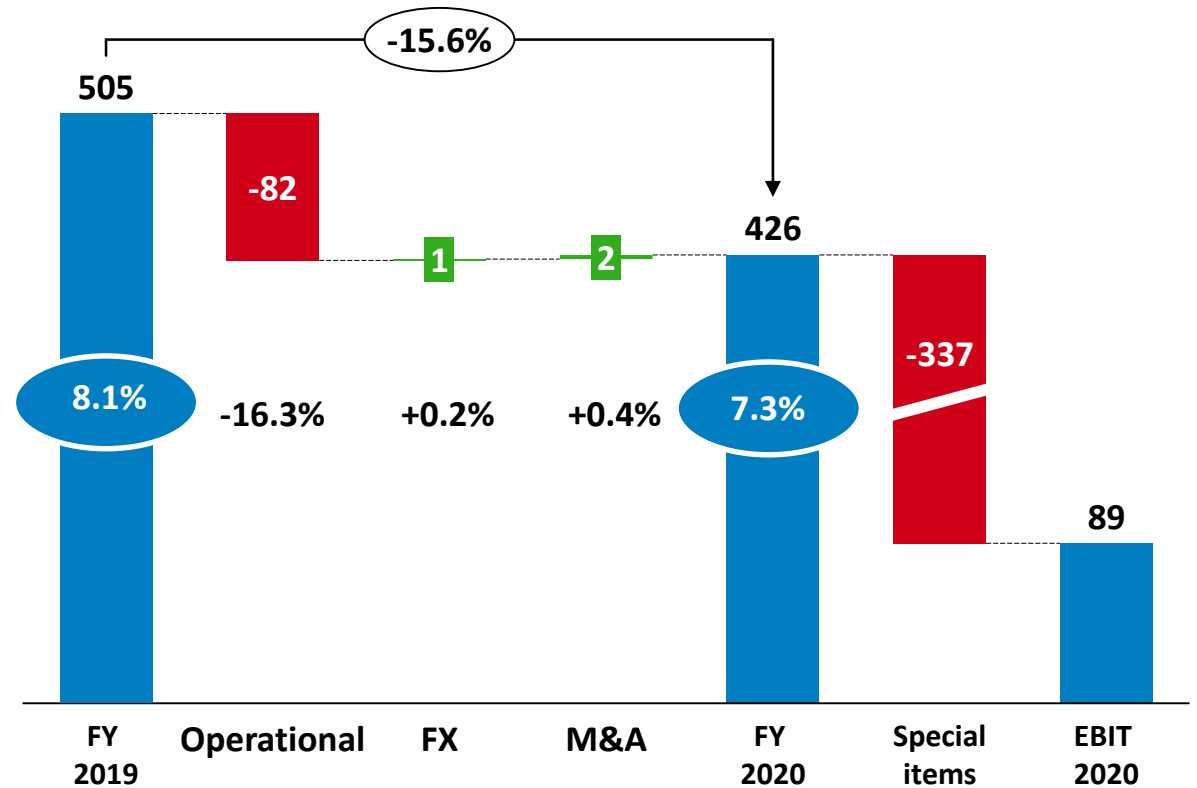
# FY 2020 Group: Highlights

## Strong Defence performance mitigated Covid-impact in Automotive

■ Sales  
in €m



■ Operating result in €m  
Margin in %



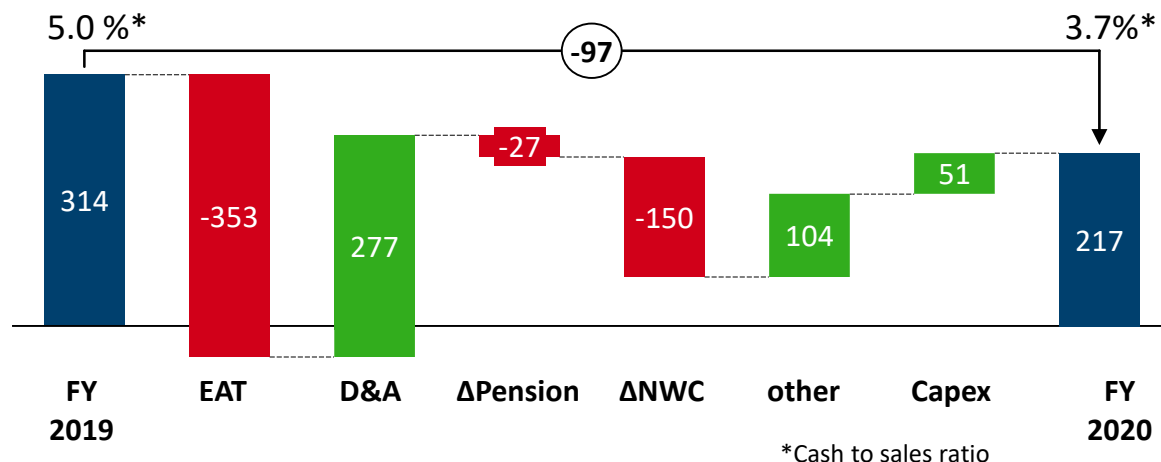


# FY 2020 Group: Operating free cash flow

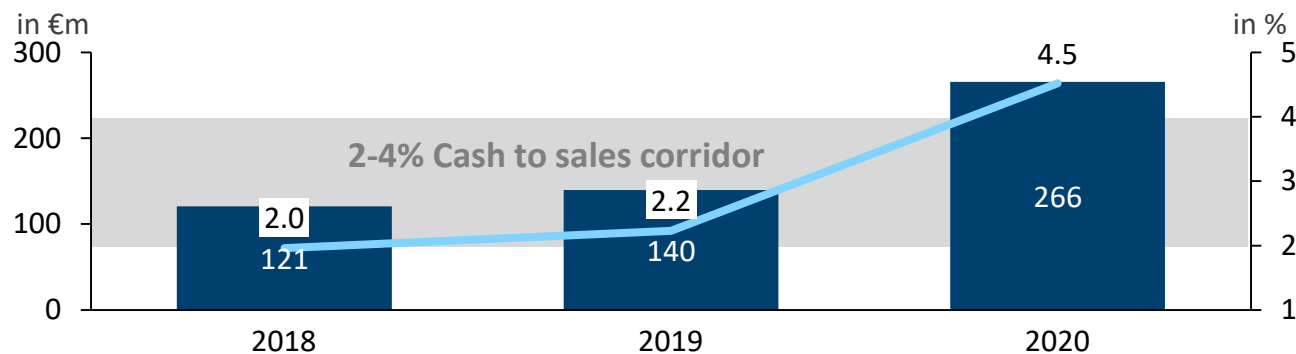
## Q4 performance raised cash to sales ratio above targeted corridor

### Operating free cash flow bridge

in €m



### 24month rolling operating free cash flow to sales ratio



- Special items of €337m in EAT in combination with lower Automotive operational performance
- D&A included impairment effect
- Pensions declined on Q1 CTA funding
- Business related net working capital build up in Defence
- Others mainly impacted by €40m restructuring charges
- Restrictive capex management in Automotive mitigated capex growth in Defence

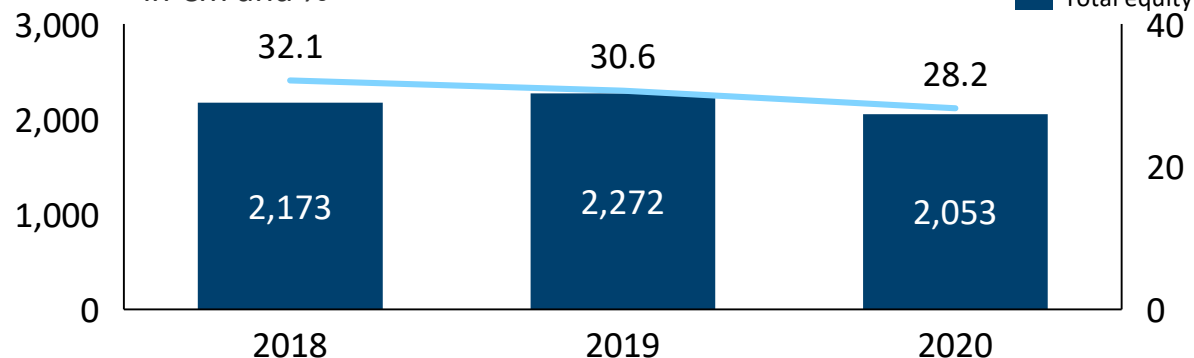
# FY 2020 Group: Group key financials

## Balance sheet provides for high flexibility

### Equity and Equity ratio

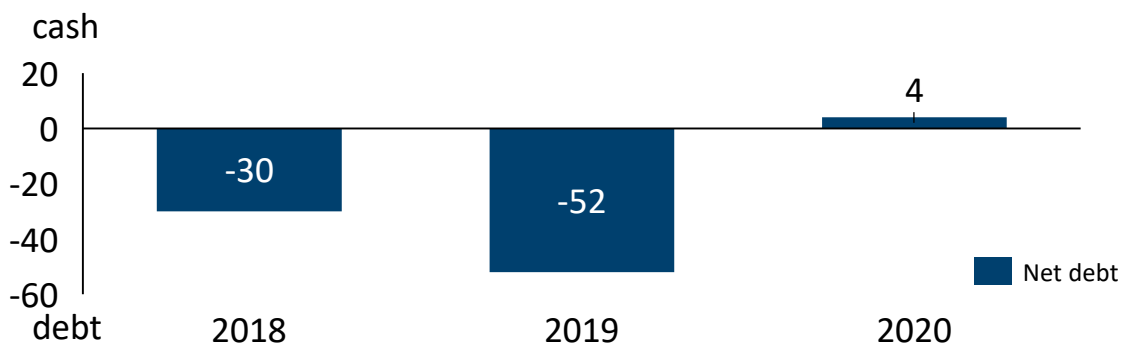
in €m and %

Equity ratio  
Total equity



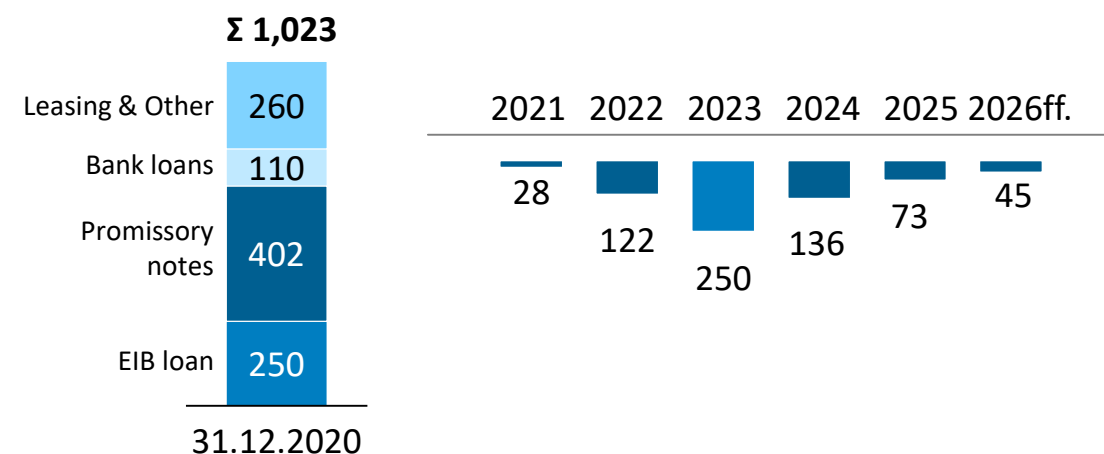
### Net financial position

in €m



### Gross debt and maturity profile

in €m



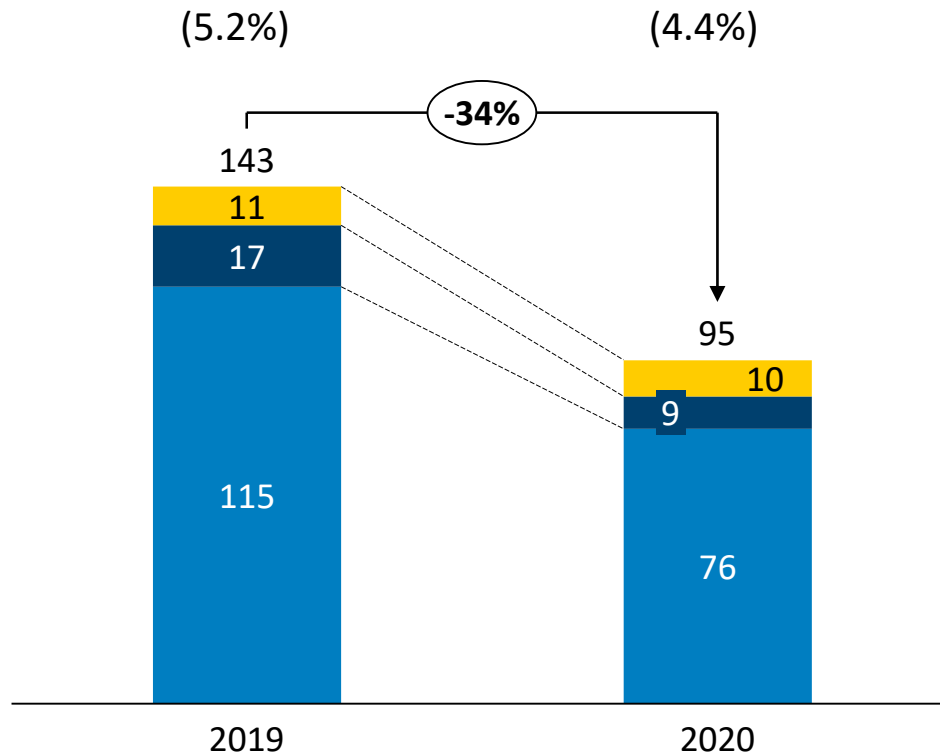
- Equity ratio remained on a healthy level of 28.2% despite ~€300m impairment charge
- Record cash on balance of €1,027m
- Net debt turned to Net liquidity
- Undrawn credit lines of €0.9bn per end of Q4
- Moody's confirmed "Baa3 stable" Feb 8 2021

# FY 2020 Group: Capex

## Capex on guided lower level

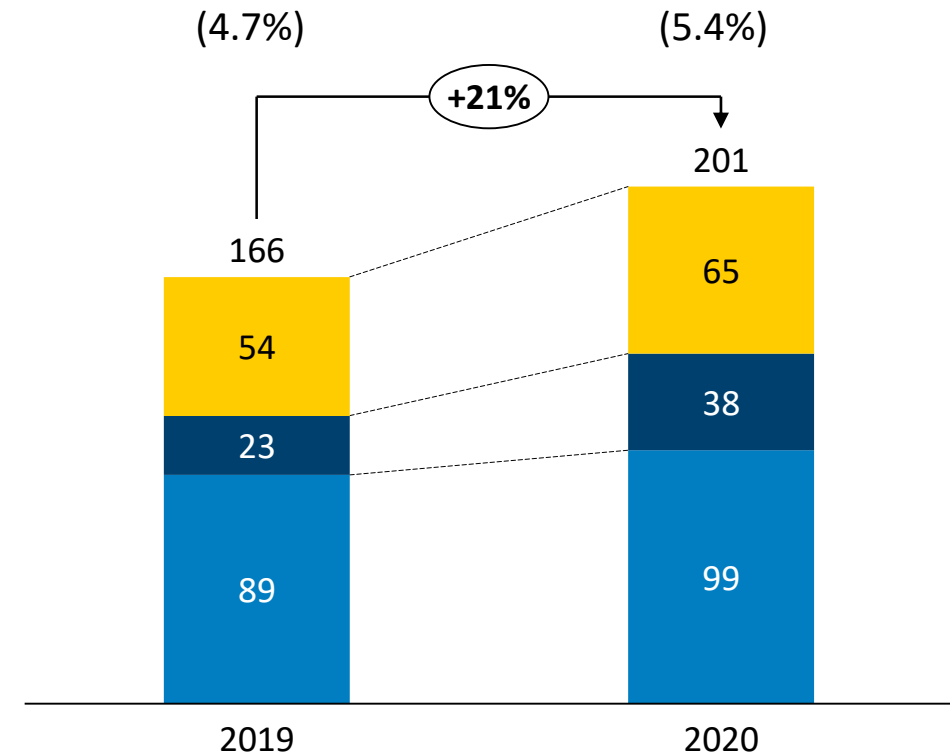
### ■ Automotive

in €m and in (% of sales)



### ■ Defence

in €m and in (% of sales)



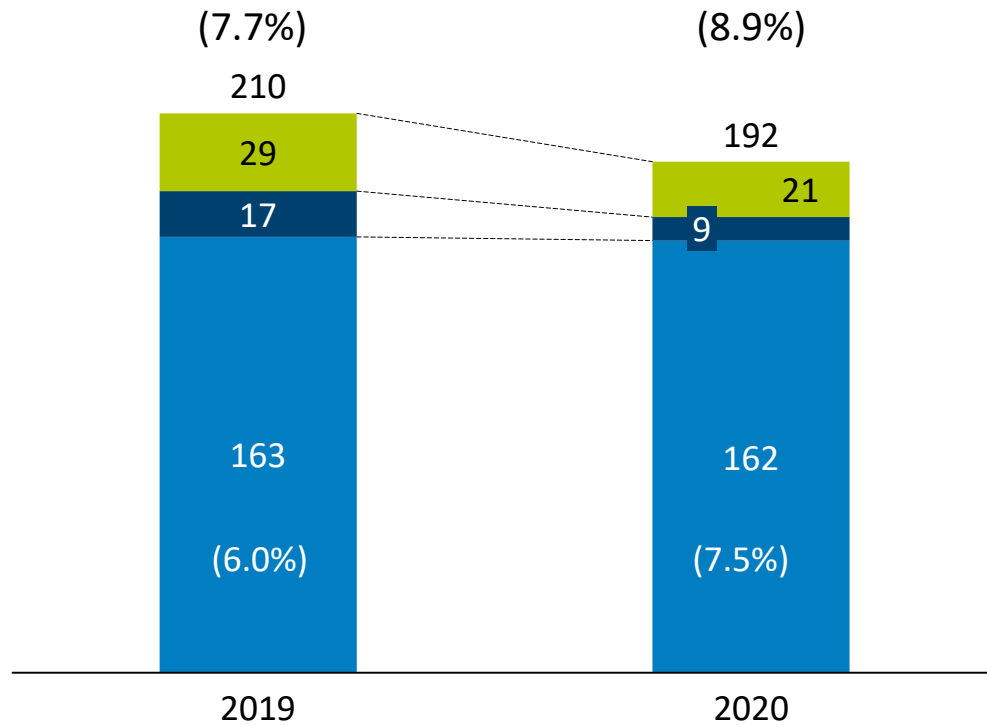
- IFRS 16 (non-cash)
- Capitalized development costs
- Capital expenditure

## FY 2020 Group: R&D

### Innovation remains essential for both businesses

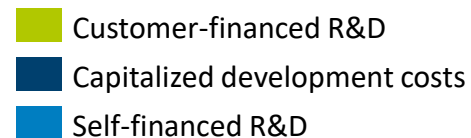
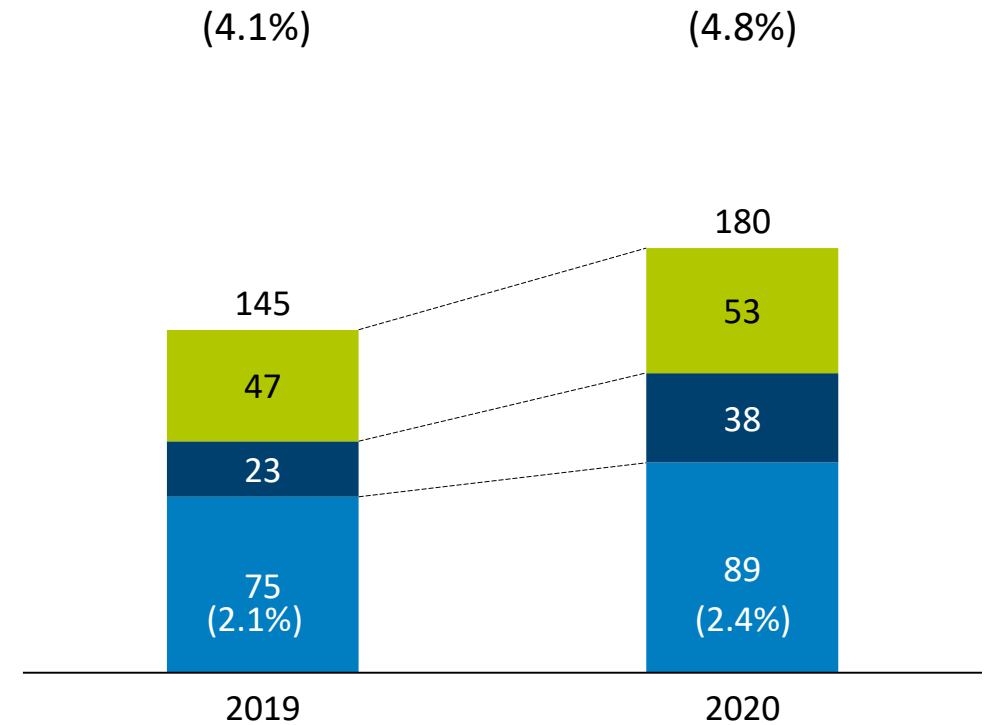
#### ■ Automotive

in €m and in (% of sales)



#### ■ Defence

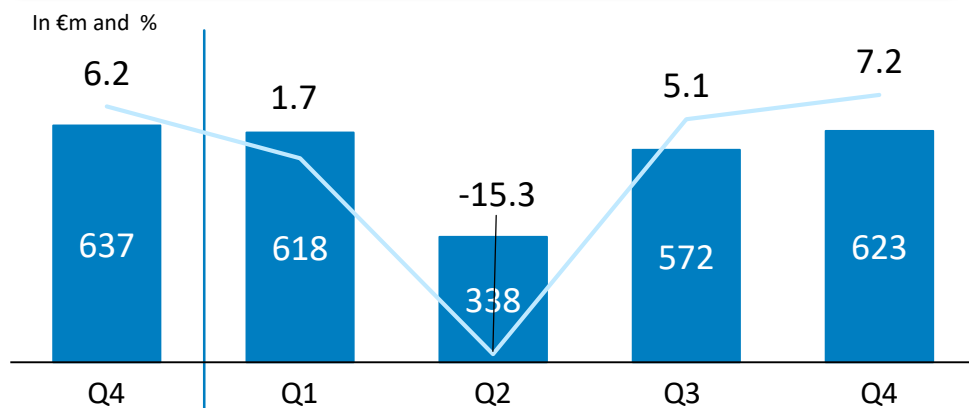
in €m and in (% of sales)



## Q4 2020 Automotive: Highlights

### Strong finish with further margin recovery and improved cash generation

#### Quarterly sales and margin development



#### Comments on quarterly performance

- Operational sales growth of 1.7% in line with regionally adjusted IHS growth\* of 1.8%
- Operating result improved by 13% to €45m raising margin by 100bp
- Lower capex supported positive OFCF development

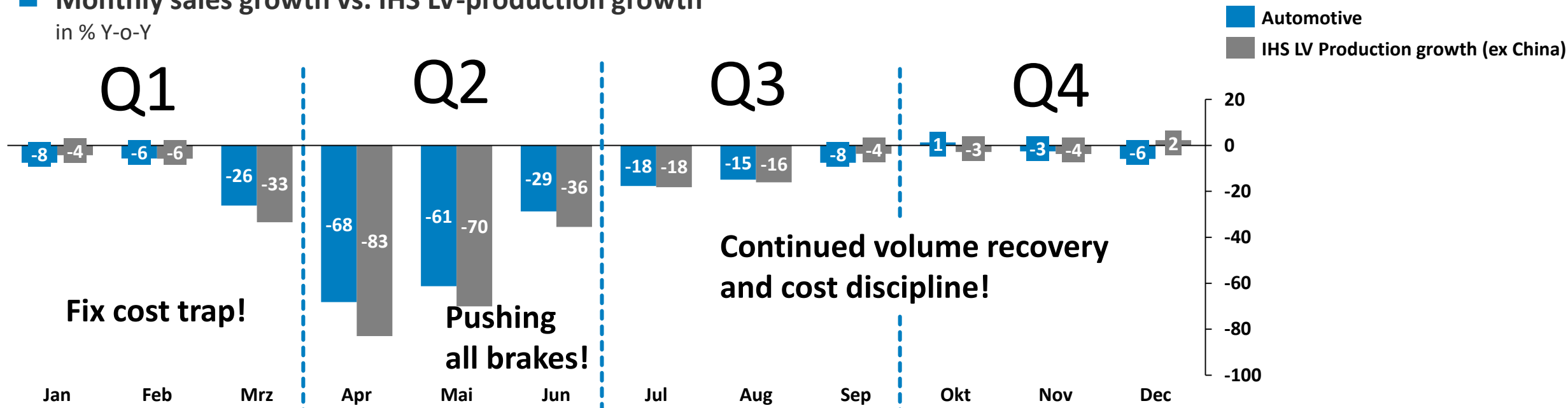
In €m	Q4 2019	Q4 2020	Δ	YTD 2019	YTD 2020	Δ
Sales	637	623	-2.2%	2,736	2,151	-21.4%
Operating result	40	45	+12.9%	184	33	-82.2%
Operating margin in %	6.2%	7.2%	+100 bp	6.7%	1.5%	-520 bp
Special items	0	0	0.0%	2	-340	>-100%
EBIT	40	45	+12.8%	186	-307	-265.2%
Operating Free Cash Flow	81	115	42.0%	73	18	-75.3%
Operating FCF / Sales	12.8%	18.5%	570 bp	2.7%	0.9%	-180 bp

\*IHS Markit: March 2021; global LV growth adjusted for China

# Q4 2020 Automotive: Highlights

## Sustained cost discipline and recovering volumes supported Q4

■ Monthly sales growth vs. IHS LV-production growth  
in % Y-o-Y



-13.8%	-60.6%	-8.8%	+1.8%	Quarterly IHS growth (LV-production regionally adjusted for China)
-13.5% / -13.2%	-53.4% / -52.1%	-13.2% / -9.8%	-2.2% / +1.7%	Quarterly sales growth (reported / FX adjusted)
40%	27%	15%	n.a.	Operating leverage

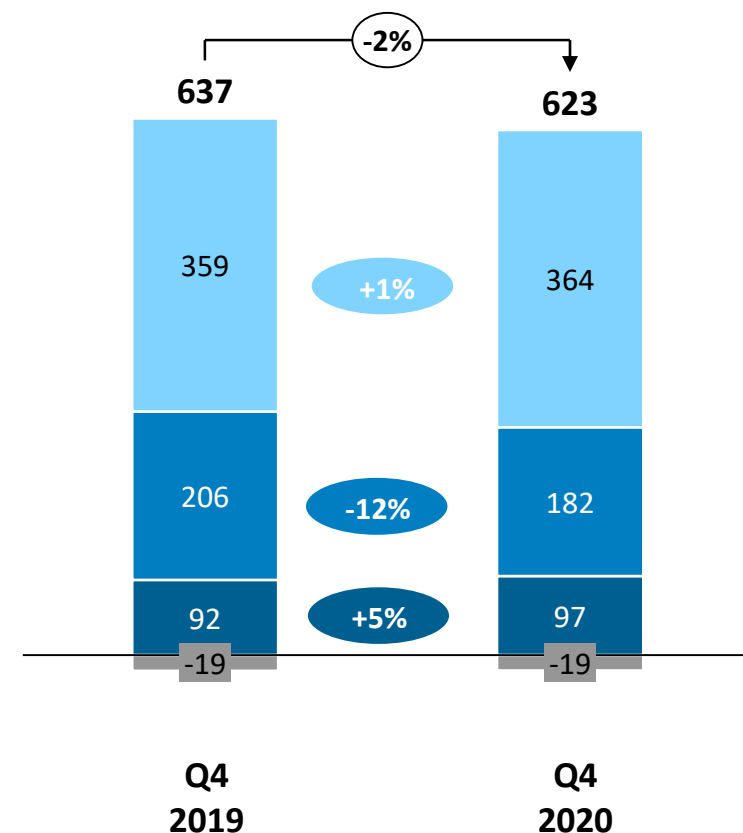


# Q4 2020 Automotive: Divisional highlights

## Sales held back by FX, but strong margin recovery

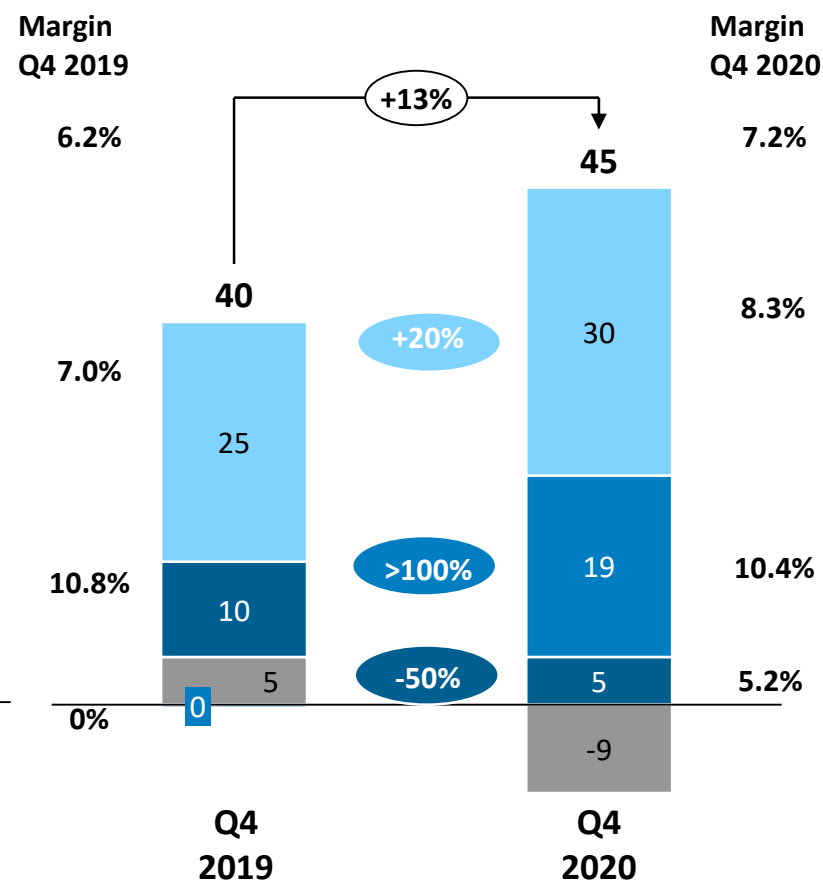
### ■ Sales Automotive

in €m



### ■ Operating result Automotive

in €m



#### Mechatronics

- Cost reductions and recovering volumes remained supportive

#### Hardparts

- Weak markets especially in LBP
- Results improved on lower D&A and better at equity results while Q4 19 included -€10m one-time effects

#### Aftermarket

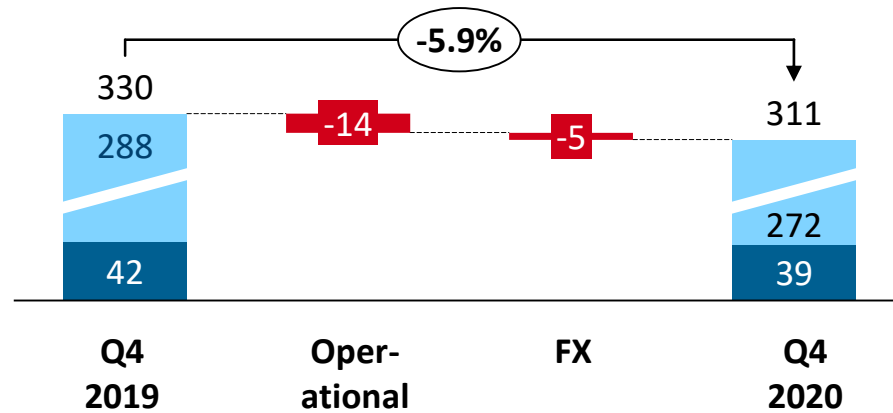
- Operational capacity write down impacted results

# Q4 2020 Automotive: China performance

## Business materially lagged the Chinese recovery

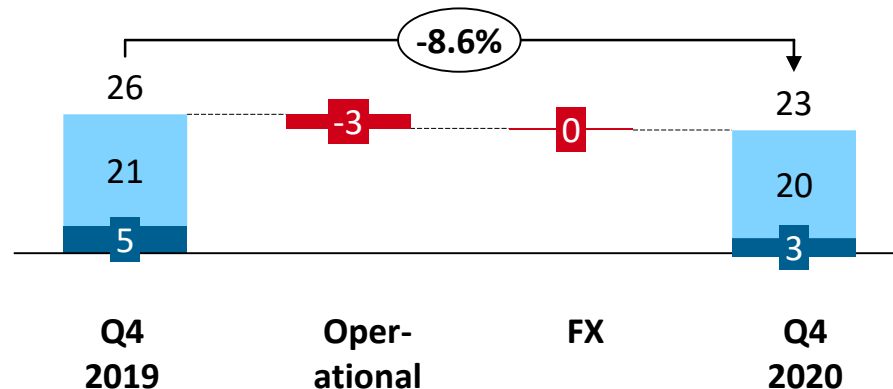
### Sales\*

in €m



### EBIT\*

in €m



■ Joint Venture  
■ Wholly owned foreign enterprise

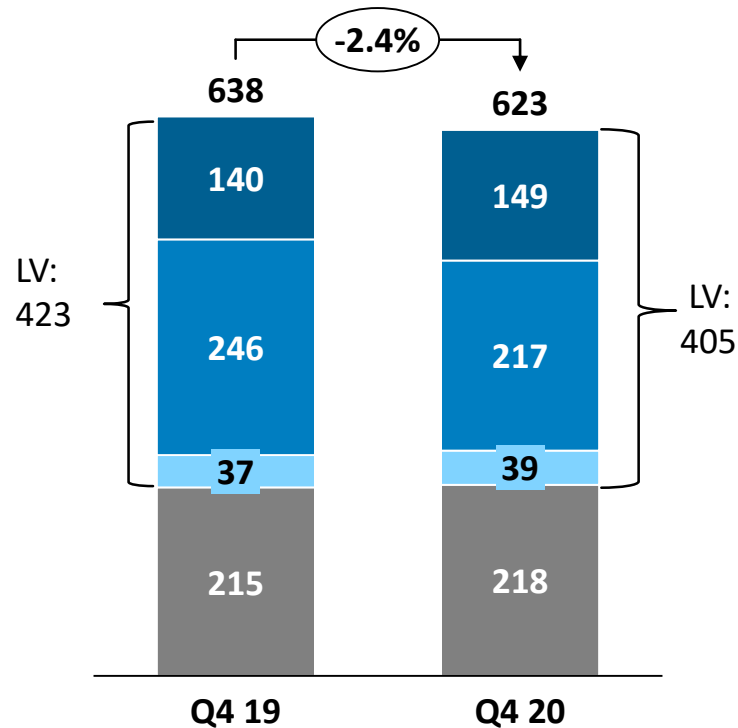
### Comments on the quarter

- Sales declined 6% due to lost volumes which could not be compensated in a growing Chinese market (6.2%; IHS Markit March 2021)
- Negative FX-effect created additional burden
- JV-EBIT margin remained at last year's level of 7.2%
- Wofe-EBIT margin declined to 8.8% from 11.9% in 2019

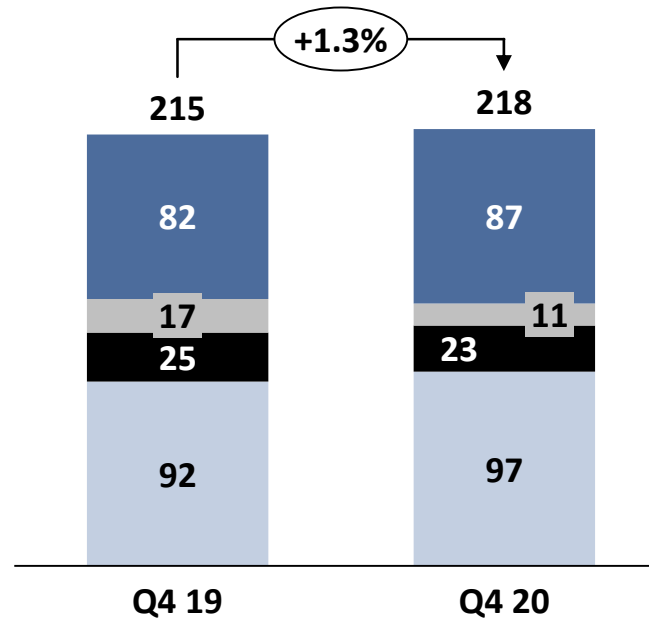
## Q4 2020 Automotive: Endmarkets

### Non-LV business had a stabilizing effect on FX-burdened Q4 sales

■ Sales split LV/ Non-LV  
in €m / in %



■ Sales split Non-LV  
in €m / in %



	Delta absolute	Delta in %
Diesel	+9	+6.4%
Gazoline	-29	-11.7%
Other LV	+2	+5.8%
<hr/>		
LV Business	-18	-4.2%
Truck	+5	+6.4%
Large Bore	-6	-37.5%
Other	-2	-8.1%
Aftermarket	+5	+5.5%
<hr/>		
Non-LV Business	+3	+1.3%

## Q4 2020 Automotive: Innovation

### First commercial contract for fuel cell technology for trucks

#### Hydrogen recirculation blower

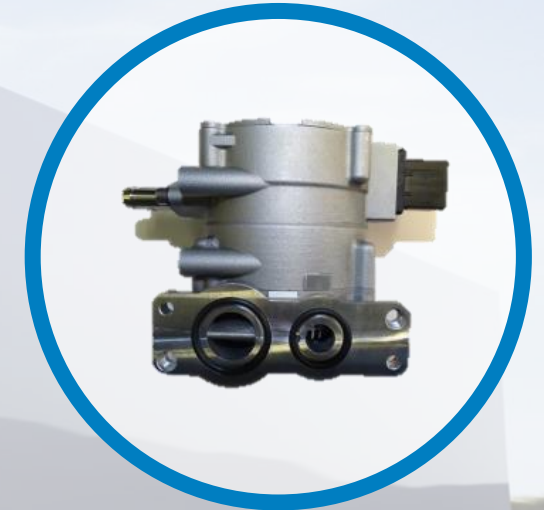


Enhancing efficiency and improve cold start behavior by recycling non-used hydrogen in fuel cells

First order on award winning innovation

Cooperation with Daimler to boost technical advances in fuel cell-powered heavy commercial vehicles for long-distance operations

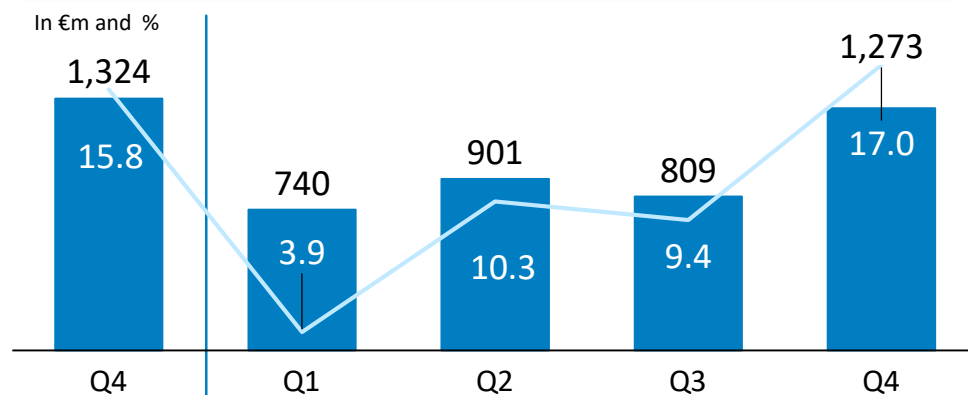
Double-digit million contract for the second half of this decade



# Q4 2020 Defence: Highlights

## Expansion of operating margin and strong order intake

### Quarterly sales and margin development



### Comments on quarterly performance

- Hungarian orders propelled order intake by 48%
- Q4 sales declined FX adjusted by -2.6% in line with expectations
- Strong results of Weapon and Ammunition and Electronic Solutions drove margin expansion
- OFCF held back by build up of working capital

In €m	Q4 2019	Q4 2020	Δ	YTD 2019	YTD 2020	Δ
Order intake*	2,985	4,427	+48.3%	5,186	6,387	23.2%
Sales	1,324	1,273	-3.9%	3,522	3,723	5.7%
Operating result	210	217	3.4%	343	414	20.6%
Operating margin in %	15.8%	17.0%	120bp	9.8%	11.1%	130bp
Special item	0	0	133.3%	-2	3	n.a.
EBIT	210	217	3.3%	341	417	22.2%
Operating Free Cash Flow	595	474	-20.3%	266	174	-34.6%
Operating FCF / Sales	44.9%	37.2%	-770bp	7.6%	4.7%	290bp

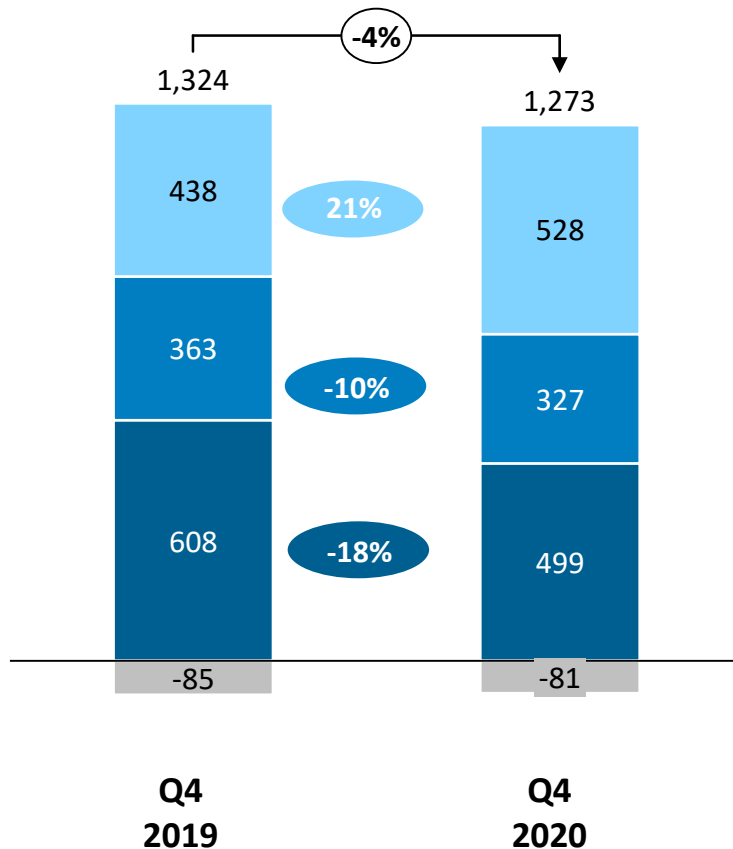
\*Order intake is reported on the basis of booked business

## Q4 2020 Defence: Divisional highlights

### Weapon and Ammunition with excellent performance in Q4

#### ■ Sales Defence

in €m

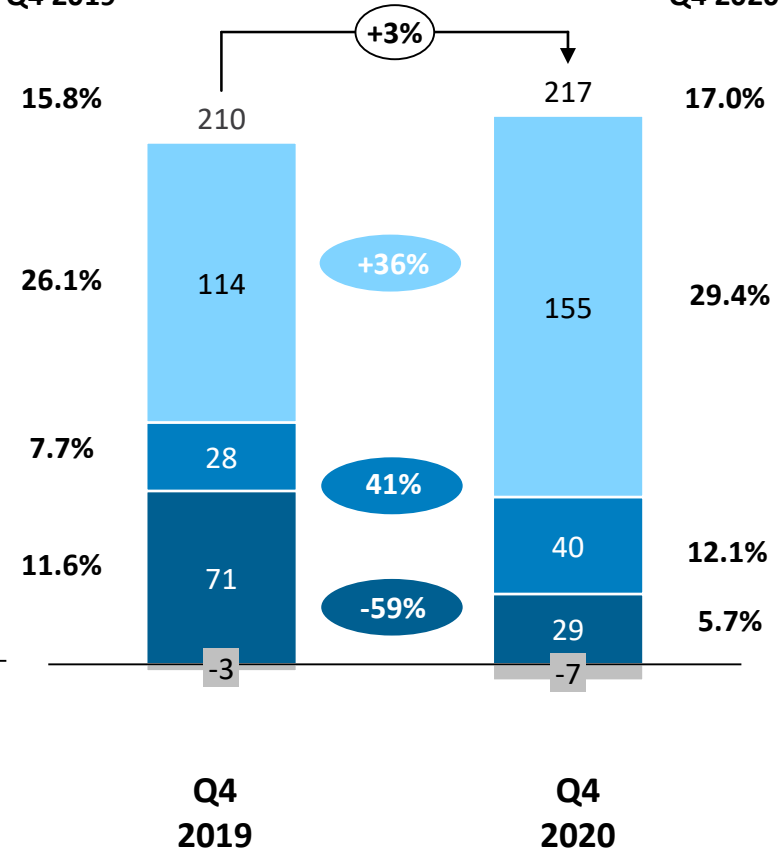


#### ■ Operating result Defence

in €m

Margin  
Q4 2019

Margin  
Q4 2020



#### Weapon and Ammunition

- Best Q4 ever driven by national and international demand

#### Electronic Solutions

- Project related sales decline overcompensated by favorable product mix

#### Vehicle Systems

- Lower sales and project settlements compared to Q4 19
- Preparations for new vehicle projects started

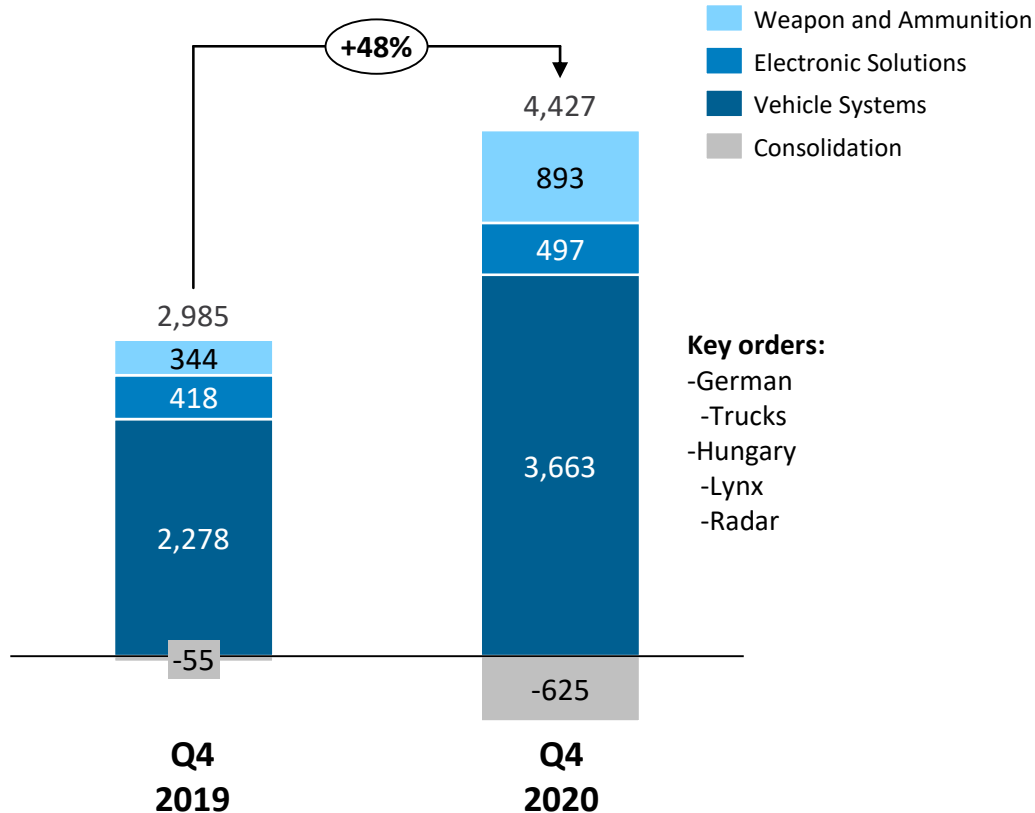


# Q4 2020 Defence: Order overview

## Hungarian Lynx order in Q4 lifted backlog to new record high

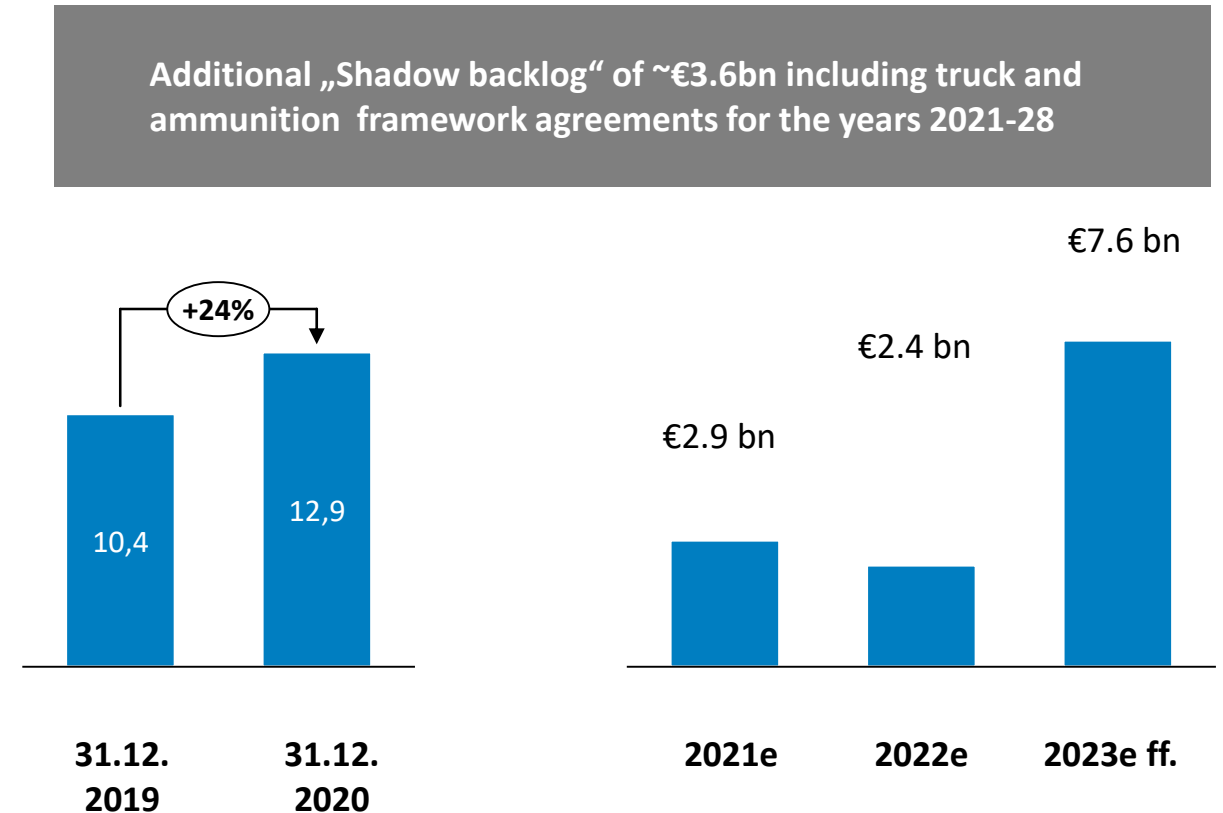
### Order intake by division

in €m



### Order backlog profile

in €bn

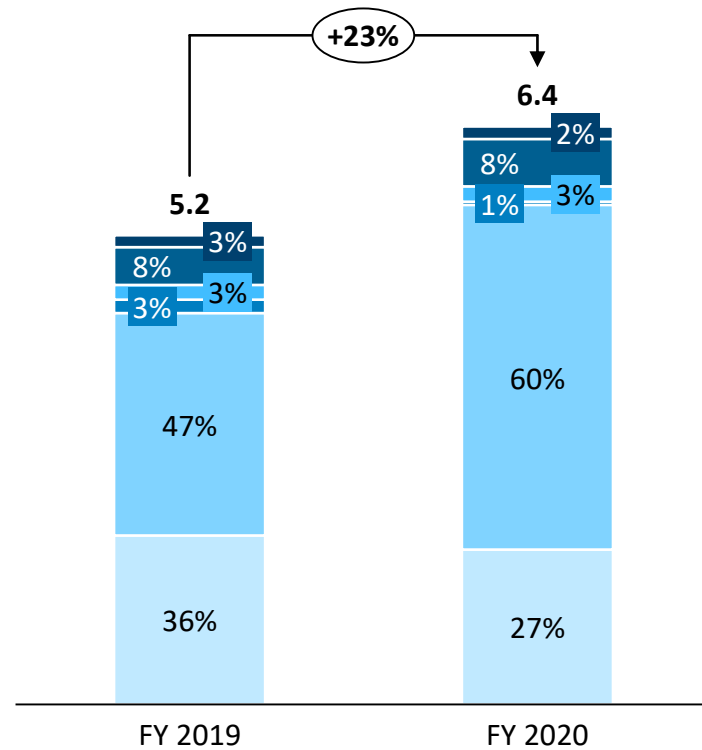


# FY 2020 Defence: Regional overview

## Strong European focus, but more diversified

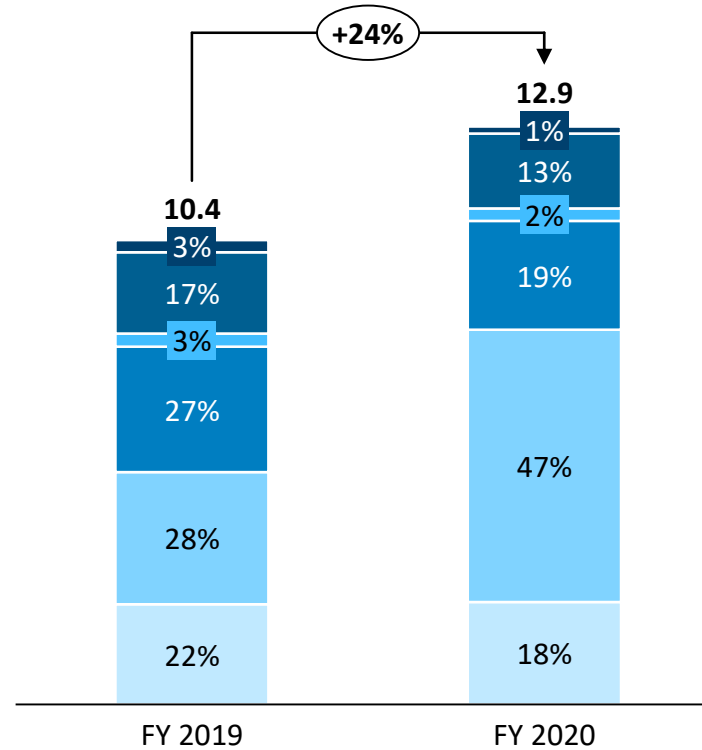
### Order intake by region

in % and totals in €bn



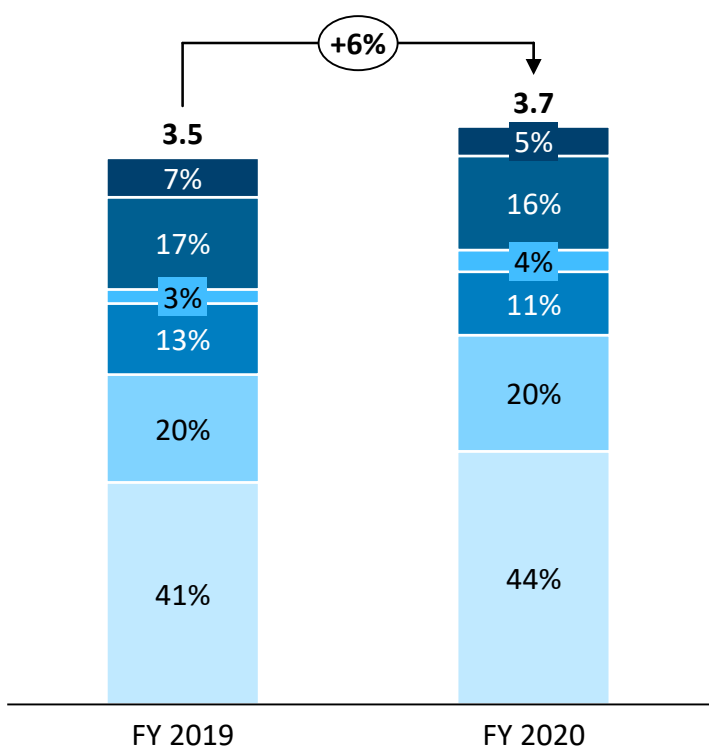
### Order backlog by region

in % and totals in €bn



### Sales by region

in % and totals in €bn



■ Germany 
 ■ Europe (w/o G) 
 ■ Australia / NZ 
 ■ North America 
 ■ Asia / ME 
 ■ Row

## FY 2020 Defence: Service business

### Increasing platform sales support service business growth

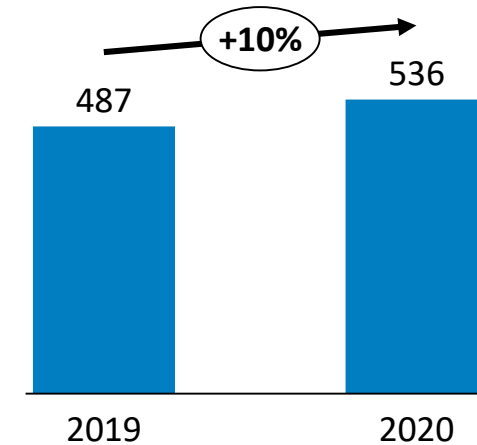
#### 1X SALES OF PLATFORM



#### 2X LIFECYCLE SPENDINGS

Rheinmetall creates  
**additional business**  
opportunities **over the**  
**entire life cycle of 50**  
**years**

■ Service sales  
in €m



- Service business increased y-o-y by 10%
- Service share rose slightly to 14.4%
- Increasing number of platforms will lift the service business sales mid-term (2025) to around €1bn



# OUTLOOK **2021**



## Outlook

### Favorable business environment for 2021

**+6%**

Global GDP Growth<sup>1</sup>

- **Global economies** return to growth mode

**+13%**

Global LV volumes<sup>2</sup>

- **LV production** volume recovery

**+6%**

Home markets budget  
growth<sup>3</sup>

- Growing defence budgets in our  
**Home markets**

<sup>1</sup> OECD, March interim Economic Outlook Forecasts March 2021

<sup>2</sup> IHS Markit, March 2021

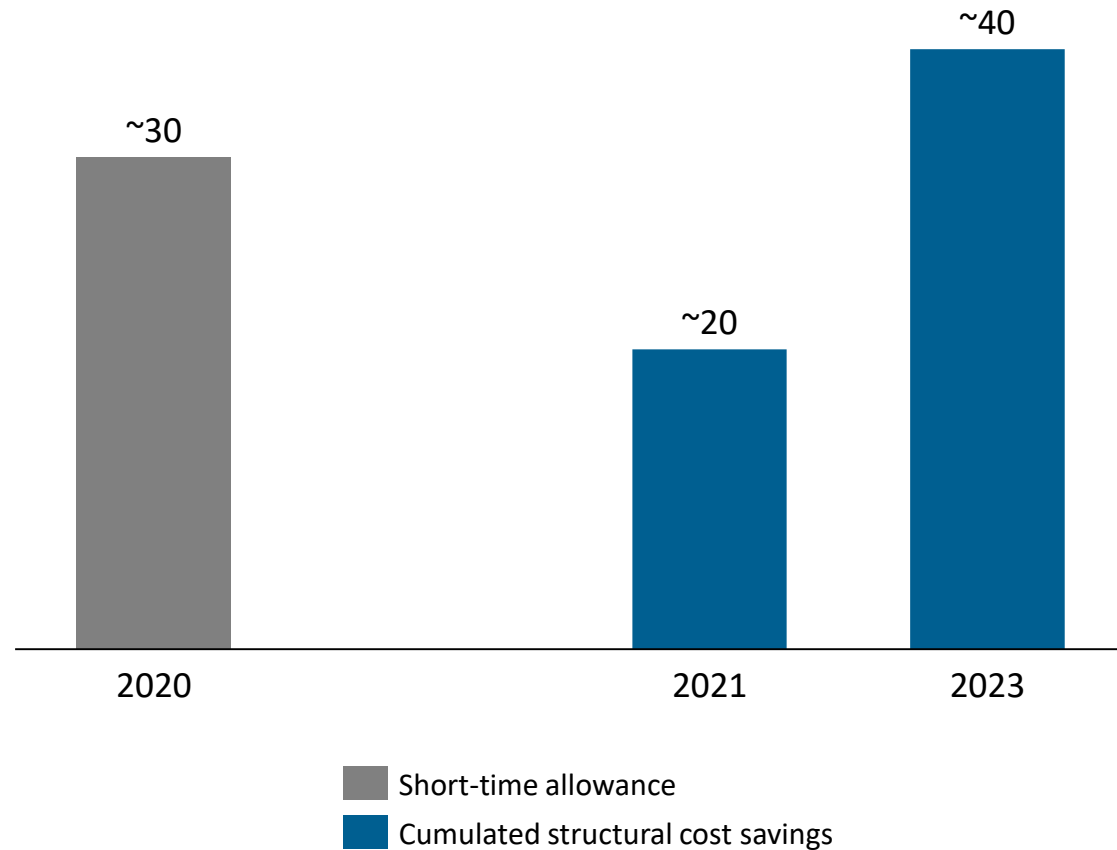
<sup>3</sup> Jane's January 2021 for Australia, Canada, Germany, Hungary, United Kingdom

# Outlook

## Structural cost savings initiated

- Structural cost-savings overcompensate temporary effects from short-time allowance

in €m

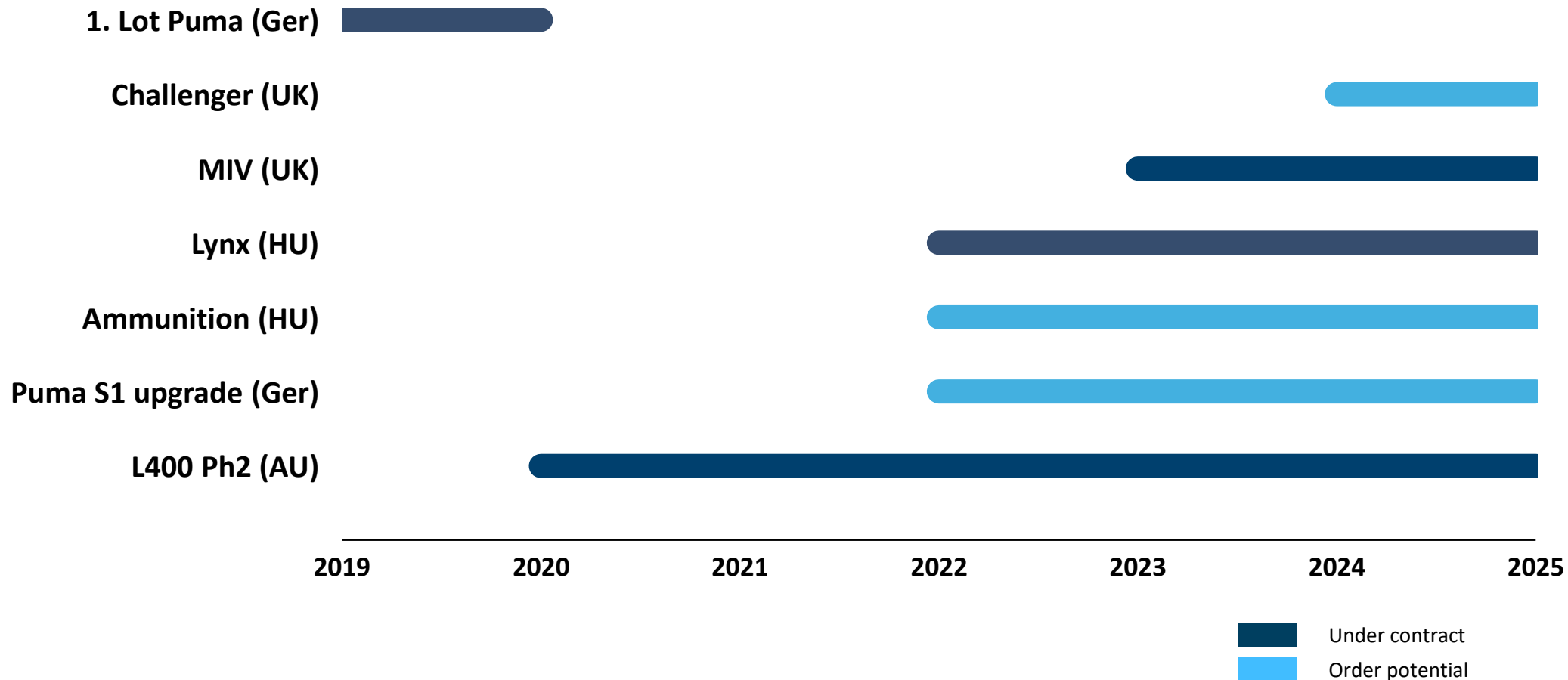


- Total of €40m restructuring provisions already booked in Q3 2020
- Total 2020 short term allowance accounted for just above €30m
- First effect from restructuring measures contributes already around €20m in year one
- Full effect of around €40m available from 2023 onwards



# Outlook

## Major programs start contributing from 2022 onwards



# Outlook

## Group guidance 2021

### Operational Sales Growth

**7-9 %**

(2020: €5.875 m)

### Operating Margin

**8-9 %**

(2020: 7.3%)

Group guidance includes sales and operating results of the non-core Piston business unit for the full year. This scenario is based on the assumption that potential production losses resulting from electronic component shortages for the automotive industry in the first half of the year will be compensated in the second half of 2021.

# Outlook

## Rheinmetall Guidance 2021 by division in the new reporting structure

		2020 Proforma	Outlook 2021e <sup>1,2</sup>
<b>Weapon and Ammunition</b>	Sales	€1,196m	Notably improved sales
	Margin	15.5%	Slightly above previous year level
<b>Electronic Solutions</b>	Sales	€935m	Slightly improved sales
	Margin	9.8%	On previous year margin level
<b>Vehicles Systems</b>	Sales	€1,846m	Slightly improved sales
	Margin	8.1%	On previous year margin level
<b>Sensors and Actuators</b>	Sales	€1,202m	Significantly improved sales
	Margin	3.0%	Significantly higher margin level
<b>Materials and Trade</b>	Sales	€546m	Notably improved sales
	Margin	5.2%	Notably higher margin level
<b>Pistons</b>	Sales	€479m	Significantly improved sales
	Margin	-4.5%	Significantly higher margin level

IHS global LV production growth for 2021 expected to be around 13.4%; applies to Pistons and Sensors and Actuators markets

<sup>1</sup> For sales, “slightly” indicates a change of up to +/- 5%, “notably” indicates a change of +/- 5-10% while a change of more than +/- 10% is referred to as “significantly”.

<sup>2</sup> For margin figures, “slightly” indicates a change of up to +/- 10bp, “notably” of +/- 10 to 30bp while a change of more than +/- 30bp is deemed “significantly”.

## Select key data: Outlook 2021

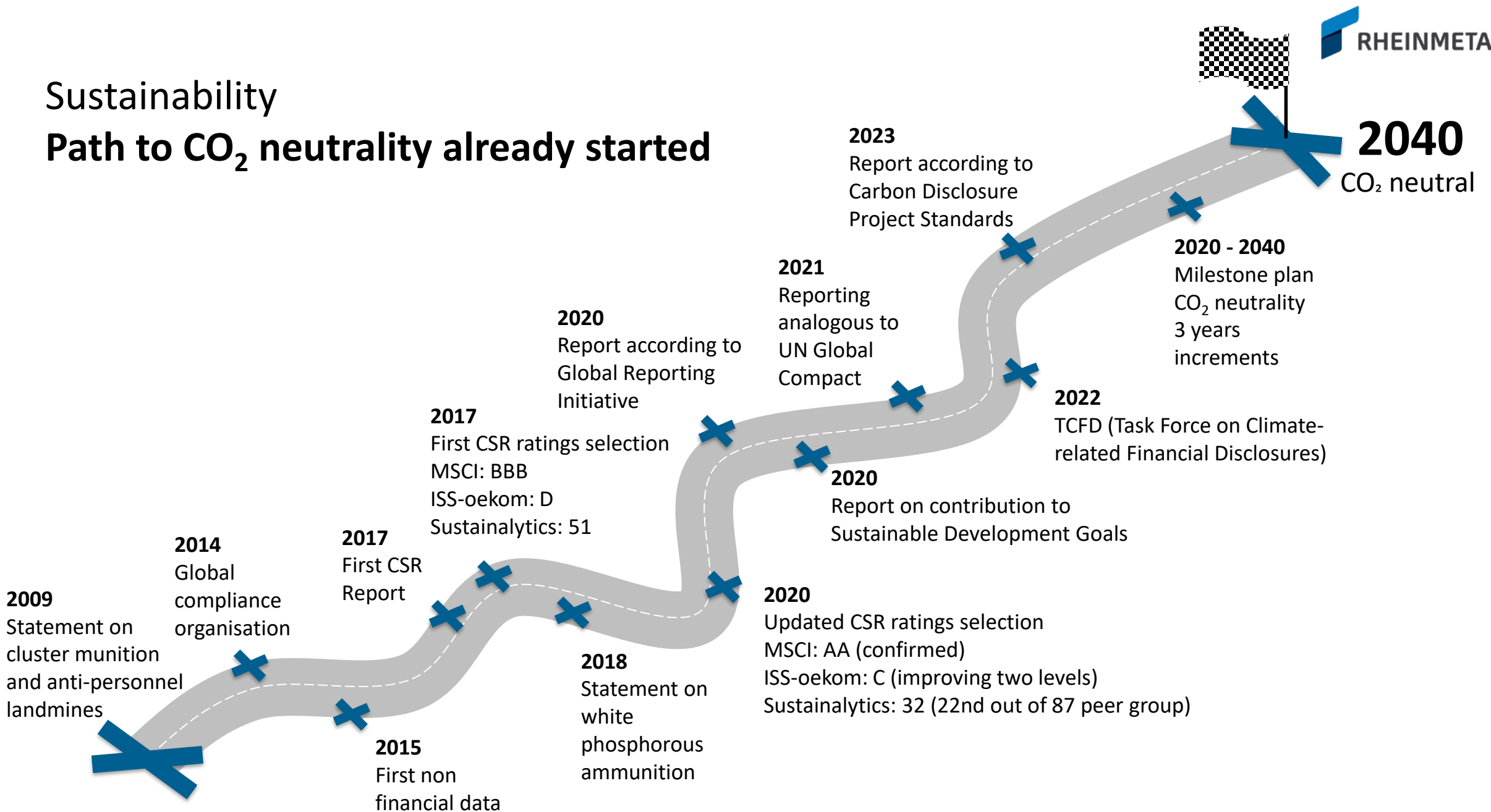
Rheinmetall Group	2020	2021
Holding cost (new)	-€21m (-€43m)	€50m-€60m
Tax rate	Adjusted 26%	Comparable level
Interest result	-€33m	~-€40m
Capex (excl. IFRS 16)	5.4% (3.7%)	around 6%
D&A (excl. impairment)	9.5% (4.6%)	4% - 5%
R&D (self-funded)	6.3% (5.1%)	Comparable level



# Appendix

# Sustainability

## Path to CO<sub>2</sub> neutrality already started





## FY 2020 Group: ESG

### ESG forms part of our corporate strategy

#### Environment

##### 2035: CO<sub>2</sub> neutral\*

- Over next 2 years reduction of water consumption use by 10%
- Consistent energy management system established; energy saving goals and use of renewable sources
- 2020 with improved resource efficiency

#### Social



##### Responsible corporate citizen

- Employee health & safety
- Transparency in the supply chain
- Employer of choice
- Introduction of new KPI for employee safety in 2021

#### Governance



##### Strict compliance organization

- Robust governance with strict compliance organization and zero-tolerance policy regarding unethical behavior
- Continuous improvement of transparency & ESG ratings
- Zero controversial weapons
- Comprehensive export control and trade compliance organization

- ESG targets part of new LTI compensation for top and middle management: 20% from 2022 onwards
- Application to the UN Global Compact submitted in March 2021

RHM with top ESG ratings  
above industry peer group

\* CO<sub>2</sub> neutrality aligned with Paris Agreement and determined in line with the Science Based Target Initiative

## Capital allocation

**Our capital allocation policy is geared towards further growth**

Funding of growth (organic and M&A)

Dividend to shareholders (Payout ratio 30-35%)

Improvement of pension funding via CTA (target level 50-60%)

# Group 2016 – 2020: Key figures (as reported)

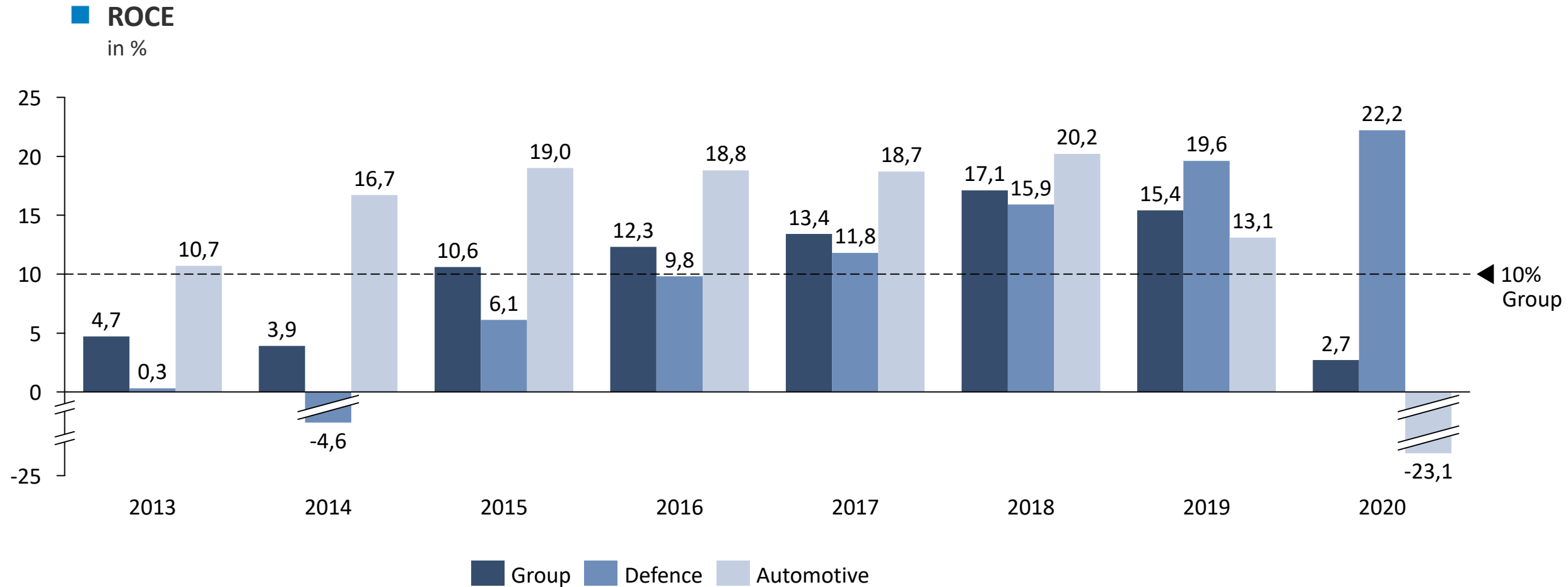
in €m		2016	2017	2018	2019	2020
<b>Balance Sheet</b>	Total assets	6.150	6.101	6.759	7.415	7.267
	Shareholder's equity	1.781	1.870	2.173	2.272	2.053
	Equity ratio (in %)	29,0	30,7	32,1	30,6	28,2
	Pension liabilities	1.186	1.080	972	1.169	1.177
	Net financial debt	19	230	-30	-52	4
	Net financial debt / EBITDA	-0,03	-0,37	0,04	0,07	-0,01
	Net gearing (in %)	-1,1	-12,3	1,4	2,3	-0,2
<b>Income statement</b>	Sales	5.602	5.896	6.148	6.255	5.875
	Operating result	353	400	491	505	426
	Operating margin (in %)	6,3	6,8	8,0	8,1	7,3
	EBITDA	581	626	836	792	647
	EBIT	353	385	518	512	89
	EBIT margin (in %)	6,3	6,5	8,4	8,2	1,5
	EBT	299	346	485	477	57
	Net income	215	252	354	354	1
	Earnings per share (in EUR)	4,69	5,24	7,10	7,77	-0,62
	Dividend per share (in EUR) *	1,45	1,70	2,10	2,40	2,00
	ROCE (in %)	10,6	12,3	13,8	17,1	2,7
<b>CF statement</b>	Free cashflow from operations	161	276	-35	314	217
<b>Headcount</b>	Employees (Dec. 31) according to capacity	20993	21610	22899	23780	23268

\* Dividend proposal to the AGM

# Segments 2016 – 2020: Key figures

Automotive							Defence					
2016	2017	2018	2019	2020	in €m		2016	2017	2018	2019	2020	
2.670	2.922	2.888	2.705	2.130	Order intake		3.050	2.963	5.565	5.186	6.387	
458	520	478	447	426	Order backlog (Dec. 31)		6.656	6.416	8.577	10.399	12.942	
2.656	2.861	2.930	2.736	2.151	Sales		2.946	3.036	3.221	3.522	3.723	
223	249	262	184	33	Operating result		147	174	254	343	414	
8,4	8,7	8,9	6,7	1,5	Operating margin (in %)		5,0	5,7	7,9	9,8	11,1	
356	367	421	348	122	EBITDA		239	268	403	450	538	
223	227	266	186	-307	EBIT		147	172	247	341	417	
8,4	7,9	9,1	6,8	-14,3	EBIT margin (in %)		5,0	5,7	7,7	9,7	11,2	
149	154	161	143	95	Capex		95	89	101	166	201	
105	106	26	73	18	OFCF		103	238	-29	266	174	
10.820	11.166	11.710	11.405	10.631	Employees (Dec. 31) according to capacity		10.002	10.251	10.948	12.100	12.344	
1.499	1.621	1.664	1.525	1.202	Mechatronics	Sales	Weapon & Ammunition	1.111	1.175	1.056	1.018	1.196
140	176	171	118	36		Operating Result		108	117	121	123	185
9,3%	10,9%	10,3%	7,7%	3,0%		Margin		9,7%	10,0%	11,5%	12,1%	15,5%
921	968	988	937	688	Hardparts	Sales	Electronic Solutions	745	691	839	948	931
62	60	65	28	-13		Operating Result		25	20	46	75	93
6,7%	6,2%	6,5%	3,0%	-1,9%		Margin		3,4%	2,9%	5,5%	7,9%	10,0%
319	358	367	361	345	Aftermarket	Sales	Vehicle Systems	1.392	1.480	1.568	1.787	1.823
29	33	36	35	20		Operating Result		29	53	108	150	150
9,1%	9,2%	9,7%	9,8%	5,8%		Margin		2,1%	3,6%	6,9%	8,4%	8,2%

# Continuing ROCE improvement



# Next events and IR contacts

## ■ Next Events

M.M. Warburg, Roadshow Germany	} All investor meetings will be virtual	26 March 2021
Goldman Sachs, European Small and Mid Cap Conference		07 May 2021
UBS, Pan European Small and Mid Cap Conference		12 May 2021
Berenberg, US Conference		20 May 2021
Q1 2021 Earnings call		06 May 2021
Annual General Meeting Rheinmetall AG		11 May 2021
Q2 2021 Earnings call		05 August 2021
Q3 2021 Earnings call		05 November 2021

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## ■ Quick link to documents

Corporate Presentation



Interim Reports



Annual Reports





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